



Daily Report

China

FBIS-CHI-87-184
Wednesday
23 September 1987

Daily Report China

FBIS-CHI-87-184

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General

Foreign Ministry Press Briefing for 23 Sep

Talks With USSR

OW230852 Beijing XINHUA in English 0840 GMT
23 Sep 87

["China, Soviet Union To Start Another Round of Consultations"—XINHUA headline]

[Text] Beijing, September 23 (XINHUA)—China and the Soviet Union will hold the eleventh round of consultations between the special envoys of their governments in Beijing on October 6, as agreed by the two countries.

This was announced by a spokesman for the Chinese Foreign Ministry at a press briefing here this afternoon.

"The two sides will continue their discussion on the normalization of relations between the two countries," the spokesman added.

Nuclear Waste Agreement Denied

OW230838 Beijing XINHUA in English 0830 GMT
23 Sep 87

["China Denies Existence of Secret Agreement on Nuclear Waste"—XINHUA headline]

[Text] Beijing, September 23 (XINHUA)—A Chinese Foreign Ministry spokesman today described as a "sheer rumor" the allegation that China and Federal Germany have reached a secret agreement whereby Federal Germany will ship a certain amount of nuclear waste to China for storage.

"Our reply is unequivocal, this is a sheer rumor. There is no such agreement between China and the government of Federal Germany," the spokesman said at a weekly news briefing here this afternoon in response to a question.

"We reiterate that China will not accept nuclear waste from any country for storage in China. With regard to the trade of nuclear fuel, our principle is that the spent fuel from nuclear fuel exported by China may be returned to China for reprocessing. There are precedents for this approach in the world," the spokesman said.

Dalai Lama Visit Criticized

OW231044 Beijing XINHUA in English 1030 GMT
23 Sep 87

[Text] Beijing, September 23 (XINHUA)—A Chinese Foreign Ministry spokesman today condemned U.S. Republican Senator J. Helms for interfering in China's internal affairs.

When asked about what was China's comments on Helms' accusing China of violating human rights and cracking down on intellectuals at a recent hearing of the

Senate Foreign Relations Committee, the spokesman said at the weekly news briefing this afternoon that "Senator Helms' malicious attack on China at the U.S. Senate hearing is a gross interference in China's internal affairs and yet another show of his stubborn anti-China position. We hereby express our indignation."

When asked about China's comments on Dalai's demand that Tibet be turned into a "peace zone" in his speech at the U.S. House of Representatives, the spokesman said: "we are opposed to Dalai's activities anywhere and in any form aimed at splitting China."

Asked about China's comments on a Vietnamese leader's allegation that "China wanted Vietnam to be its satellite, and through Vietnam, Kampuchea and Laos, expand China's power into Southeast Asia" in an interview with a reporter of the U.S. "Time" magazine, the spokesman said, "the groundless attack on China's foreign policy by the Vietnamese leader only shows that the Vietnamese authorities still obstinately cling to their anti-China position."

Zhao Ziyang Stresses Population Control

OW230830 Beijing XINHUA in English 0819 GMT
22 Sep 87

[Text] Beijing, September 23 (XINHUA)—Developing the economy and controlling population growth remain the two fundamental state policies of China, Chinese Premier Zhao Ziyang said here today.

Speaking to a group of delegates at the second conference of the Asian Forum of Parliamentarians on Population and Development in session here, Zhao said Asian countries are all facing problems of population and development.

Some are confronted by aging population and others by overgrowth of population, he said.

"Over the past 30 years, population in China has almost doubled," Zhao noted, adding that "if there is no control, the population will double from the present figure to reach two billion in 2020.

If that happens, he said, half of the efforts to modernize the country will have been in vain.

Zhao told the delegates that China's population growth rate rose last year for two reasons: first, a great number of people have entered child-bearing age, and second, there was some relaxation in the work of population control.

Zhao said that governments at various levels were told to intensify their efforts in population control.

The delegates included Mr. Takeo Fukuda, former Japanese prime minister; Dr. Nafis Sadik, executive director of the United Nations Fund for Population Activities; Mr. Takashi Sato, chairman of the Asian Forum of Parliamentarians on Population and Development; and Madam Rahmah Osman, acting general secretary of the forum.

Nuclear Safety at IAEA Meeting Stressed
*OW221845 Beijing XINHUA in English 1620 GMT
22 Sep 87*

[Text] Vienna, September 22 (XINHUA)—Safety is China's first priority in constructing nuclear power plants, the Chinese minister for nuclear power said here today.

Minister Jiang Xinxung said the Chinese Government has paid attention to safety problems in completing the Daya Bay Nuclear Power Project in Guangdong Province. The Daya Plant construction included technology and equipment from Britain and France.

China's self-designed Qinshan Nuclear Power Plant in Zhejiang Province is operating smoothly, Jiang told a meeting here of the International Atomic Energy Agency.

He praised the international agency as a competent organ for promoting peaceful uses of nuclear energy in the world.

Jiang, who heads the Chinese delegation to the agency's 31st general conference, also urged the developed countries to give greater support to the agency and contribute more to help other member states develop nuclear energy.

He also said that China has decided to place some of its civilian nuclear installations under the international agency's safeguards and is trying to reach agreement with the agency on the matter.

Chinese Premier Zhao Ziyang sent his congratulations to the conference at its opening here yesterday.

U.S.-Soviet 'Nuclear Risk Reduction' Line
*HK221151 Beijing RENMIN RIBAO OVERSEAS
EDITION in Chinese 19 Sep 87 p 6*

["Jottings" by Sai Bei (1048 0554): "A 'Double Insurance' That Is No Insurance"]

[Text] There is now a satellite-transmitting facsimile line between the "nuclear risk reduction centers" of Moscow and Washington in addition to the long-existing direct line, which is called "the hot line." The agreement on establishing "nuclear risk reduction centers" was initiated by the U.S. and Soviet foreign ministers on 15 September in Washington. It is said that the establishment of such a "double insurance" communication system is for eliminating the danger of nuclear war resulting from errors or accidental mistakes. For the people of all the nations in the world who have to survive under the dark shroud of nuclear war, the fact that the two superpowers are adopting precautions against nuclear war arising from misunderstanding is something to be welcomed.

However, this new satellite-transmitting "hot line" seems to have another meaning, installed at a time when the U.S.-Soviet talks on a treaty to eliminate land-based medium and shorter range nuclear missiles is likely to reach an agreement.

Both the superpowers seem to have a psychology of simultaneously cherishing and fearing nuclear weaponry: They both want to compete with each other in developing nuclear weaponry to deter the other party, while being afraid of a real fight that might occur through an accident in playing with nuclear weapons. Therefore, neither of them will think of thorough destruction of all nuclear weapons, and will try their best to avoid their own destruction by nuclear weapons.

Hopefully, the U.S.-Soviet talks on reducing land-based medium and shorter range nuclear missiles will reach an agreement, but who knows when the agreement will be initialled. Moreover, these two categories of weapons do not belong to strategic nuclear weapons that can be fired directly at the United States from the Soviet Union or the other way round. Therefore, when the U.S.-Soviet talks enter the field of strategic nuclear weapons, we can well imagine how difficult the talks can be.

The Soviet Foreign Minister Shevardnadze regarded the initialling of the agreement on "nuclear risk reduction centers" as "a prelude to the initialling of a more important agreement." This seems to show people that the establishment of the satellite-transmitting "hot line" is a part of the complete set of agreements on medium and shorter range nuclear missiles, done for the sake of initialling "a far more important agreement." Nothing is said about the follow-up to this "far more important agreement." It seems that neither of the parties is ready to press on to the end to resolve the issue of strategic nuclear weapons, or at least, the solution to that issue will involve a very long process. If that is the case, it will be very difficult for us to shout bravo to that agreement on "nuclear risk reduction centers."

Just like some people who worship the God they created, the superpowers are producing nuclear weapons while praying for exemption from nuclear punishment. If the mentality of "nuclear fetishism" is not eliminated, if nuclear weapons are not thoroughly destroyed, neither "double insurance" nor "triple insurance" will help free the superpowers from their fear of nuclear disaster.

United States & Canada

Air Force Commander Fetes U.S. Cowaterpart
*OW221621 Beijing XINHUA in English 1545 GMT
22 Sep 87*

[Text] Beijing, September 22 (XINHUA)—Chinese Air Force Commander Wang Hai gave a dinner here tonight in honor of visiting U.S. Air Force Secretary Edward Aldridge Jr. and Mrs. Aldridge.

The visitors arrived in Beijing yesterday at the invitation of Wang Hai, who visited the United States five months ago.

In his toast tonight, Wang Hai said that with the steady growth of the Sino-U.S. relations, the two air forces have had more exchanges in the past few years, and on many occasions people in the training, maintenance and other areas have conducted successful visits.

"All these have further promoted the mutual understanding and friendship between the two air forces," he said.

In reply, Aldridge expressed satisfaction at the cooperation between the two air forces. He hoped that the cooperation would expand to new areas.

In a welcoming ceremony earlier today, Secretary Aldridge reviewed a guard of honor of the Chinese Air Force in the company of Commander Wang Hai at the Chinese Air Force headquarters.

Aldridge disclosed that the U.S. Air Force "Thunderbirds" are scheduled to arrive in Beijing on Wednesday and give a performance on Thursday.

Dr Ma Haide Receives U.S. Degree
*OW221112 Beijing XINHUA in English 1031 GMT
22 Sep 87*

[Excerpts] Beijing, September 22 (XINHUA)—The State University of New York at Buffalo has conferred the honorary doctor of science degree on Dr. Ma Haide (George Hatem).

University President Steven Sample made the presentation here yesterday at a ceremony hosted by China's Ministry of Public Health.

Sample praised Ma Haide for his contributions to the health and well-being of humanity throughout the world and to promoting exchanges between China and the United States. [passage omitted]

Yesterday's ceremony was attended by Chinese leaders Yang Shangkun and Xi Zhongxun.

Soviet Union

Current Views on Sino-Soviet Border Talks
*HK220844 Beijing BAN YUE TAN in Chinese No. 17,
10 Sep 87 p 45*

[Article by Ju Mengjun (0215 1322 6511): "The Current Situation in the Sino-Soviet Border Talks"]

[Text] This year China and the Soviet Union have resumed talks on the border issue after a suspension of 9 years. A major event in Sino-Soviet relations, this has drawn much attention from all parts of the world.

The Sino-Soviet border is 7,300 km long, the longest land border in the world. The border line has a history of problems.

The Sino-Soviet talks on the border issue started in 1964. They were subsequently suspended because of Khrushchev's downfall. In September 1969, Premier Zhou Enlai and Kosygin, chairman of the Soviet Council of Ministers, met at Beijing airport and concluded an understanding on the border issue. The following October talks

were again held by the two countries in Beijing. Fifteen rounds of talks on the border issue were held by 1978. Because the Soviet Union refused to recognize the disputed areas on the Sino-Soviet border, the talks were suspended.

Gorbachev made a speech in Vladivostok in July last year saying that the "river's main channel can be taken as the demarcation for the alignment of the Sino-Soviet border." Long before this China had suggested the settlement of the issue on the very same basis. Now Gorbachev has agreed to this method. This indicates a step forward and provides a possibility for the settlement of the border issue.

Now China and the Soviet Union have resumed their talks on the border issue. Diplomatic representatives of both sides have started the discussion on the alignment of the border from the eastern section. They have expressed their willingness to find a fair and reasonable solution to the problems on the border areas. This suggests that the two countries are beginning to take a step forward toward the settlement of their problems.

Finding a solution to the border issue, which has been left over from history, conforms to the fundamental interests of the Chinese and Soviet people and is beneficial to the reforms and construction in both countries. China and the Soviet Union are neighboring countries linked by mountains and rivers. We wish to relax our relations with the Soviet Union and maintain a peaceful border with the aim of devoting our efforts to our country's economic construction. On the part of the Soviet Union, the settlement of the Sino-Soviet border issue will lead to the reduction of a large number of Soviet troops stationed on the border. This will, undoubtedly, lighten its economic burden and be helpful to its construction and development. The settlement of the Sino-Soviet border issue will provide more favorable conditions for economic exchanges and cooperation between the two countries.

The settlement of the Sino-Soviet border issue will also be beneficial to maintaining peace in the Asian-Pacific region and the rest of the world. China and the Soviet Union are big countries and occupy a decisive position in the world. The security and stability of the Sino-Soviet border areas will, undoubtedly, make a contribution to world peace.

Northeast Asia

DPRK Protests U.S. Military 'Provocations'
*OW221930 Beijing XINHUA in English 1900 GMT
22 Sep 87*

[Text] Pyongyang, September 22 (XINHUA)—The Korean-Chinese side today strongly protested against increased U.S. military provocations in violation of the armistice treaty, the Korean Central News Agency (KCNA) reported.

The protest was lodged today at the 439 session of the Korean Military Armistice Commission which opened at the request of the Korean-Chinese side.

Major General Yi Tae-ho, chief member of the Korean-Chinese side, said at the meeting that two South Korean combat warships had intruded into the territorial waters of the North side on September 5 and conducted hostile actions violating the armistice treaty.

He said that in August alone the U.S. side committed 12,300 violations of the armistice treaty.

Yi Tae-ho strongly protested against U.S. dispatch of armed forces into South Korea and its air reconnaissance and military provocations from land, sea and air against the North side.

He strongly demanded that the U.S. take responsible measures to ensure that such violations would not happen again.

Southeast Asia & Pacific

Ye Fei Meets Burmese Cultural Delegation
OW221232 Beijing XINHUA in English 1222 GMT
22 Sep 87

[Text] Beijing, September 22 (XINHUA)—Ye Fei, vice-chairman of the Chinese National People's Congress Standing Committee, met a government cultural delegation of Burma led by Vice-Minister of Culture U Than Maung here today.

The Burmese visitors are here as guests of China's Ministry of Culture.

Near East & South Asia

PRC Books, Products Fair Opens in Nepal
OW212123 Beijing XINHUA in English 1853 GMT
21 Sep 87

[Text] Katmandu, September 21 (XINHUA)—Nepalese Prime Minister Marich Man Singh Shrestha inaugurated an exhibition of Chinese book, photos and light industrial products here today.

The two-day exhibition held by the Nepal-China Cultural Council is one of the activities to celebrate China's 38th national day in Nepal. The items on display show the history of the friendly relations between China and Nepal and China's economic development and people's life.

Addressing the opening ceremony, Nepalese Minister for Supplies Parasu Narayan Chaudhari said the Nepal-China friendship is as solid as Mount Sagarmatha (Qomolangma).

President of the Nepal-China Cultural Council Maniharsha Jyoti said that the just concluded visit to China by King Birendra and Queen Aishwarya has further strengthened the traditional friendship and cultural ties between the two countries. Frequent cultural activities like exhibitions have been beneficial to the development of the relations between the two peoples.

West Europe

Wu Xueqian Meets FRG Counterpart at UN
OW230258 Beijing XINHUA in English 0230 GMT
23 Sep 87

[Text] United Nations, September 22 (XINHUA)—Chinese Foreign Minister Wu Xueqian held a working breakfast for the Federal German Foreign Minister Hans-Dietrich Genscher at the Chinese mission to the United Nations today.

The two foreign ministers exchanged views on bilateral relations and international issues such as disarmament, the Iran-Iraq conflict, Kampuchea and Afghanistan.

Both sides pledged to further strengthen bilateral cooperations in various fields.

The Federal German foreign minister accepted an invitation from Wu to visit China next year.

The Chinese foreign minister also met separately at the U.N. headquarters this morning foreign ministers of Italy, Democratic Germany and Chile.

Bo Yibo, Jia Shi Host FRG Delegation
OW221847 Beijing XINHUA in English 1609 GMT
22 Sep 87

[Text] Beijing, September 22 (XINHUA)—Bo Yibo, honorary president of the China Council for the Promotion of International Trade, met and hosted a banquet for Otto Wolff, president of the Association of German Chambers of Industry and Commerce, and his party here this evening.

Bo is also vice-chairman of the Central Advisory Commission of the Chinese Communist Party.

Wolff, also chairman of the Federal Republic of Germany's East Economy Committee, arrived here Monday at the invitation of Jia Shi, the council's president, on the 30th anniversary of the signing of a nongovernmental trade agreement between the council and the East Economy Committee.

Jia was present at the banquet and spoke highly of the cooperation between the two organizations and their successes in increasing the mutual understanding and exchanges between the two countries' business circles and for their promotion of bilateral economic and trade ties.

Referring to trade growth, Jia said trade volume between the two countries hit 4.559 billion U.S. dollars in 1986.

Jia also mentioned more diversified and flexible economic and technological cooperation between China and the Federal Republic of Germany, adding the council will continue efforts in bilateral economic, trade, scientific and technological cooperation.

Wolff said, the trade agreement signed 30 years ago has provided a foundation for the smooth progress of trade between the two sides.

He listed some measures Federal Germany's business circles are taking to promote bilateral trade, including providing consultancy service in developing export products and market exploration, setting up representative offices in Beijing to help China expand exports, and assisting China to improve product quality by transferring licences and technology.

Gu Mu Meets Finnish Trade Delegation
OW221120 Beijing XINHUA in English 1105 GMT
22 Sep 87

[Text] Beijing, September 22 (XINHUA)—Chinese State Councillor Gu Mu conferred here today with a delegation from the Finland-China Trade Association led by its Chairman Pertti Voutilainen on how to expand bilateral trade.

The visitors, who arrived yesterday as guests of the China Council for the Promotion of International Trade, are scheduled to attend the inauguration of a plywood mill in east China's coastal city of Qingdao. The mill is the first Sino-Finnish joint venture.

Latin America & Caribbean

U.S. Diplomatic Moves in Central America
HK221446 Beijing RENMIN RIBAO in Chinese
22 Sep 87 p 6

["Jottings" by Yan Zhong (1750 1813): "Do Not Ask for a Snub"]

[Text] As Central American countries are working for the implementation of the peace agreement signed in Guatemala, U.S. senior officials and congressmen are flying to Central America one after another. Let us see what they are doing there:

William Volker, Assistant Secretary of State for Central American Affairs, went to Costa Rica and criticized the Central American peace agreement for "having many defects";

A Republican Party delegation went to El Salvador and also fiercely attacked the Central American peace agreement, saying that it was a "tremendous mistake";

Senator Robert Dole, a presidential candidate, visited Costa Rica and Nicaragua, and spread the thesis that "peace in this region is rather hopeless."

Obviously, all these Americans are "actively" going about to do one thing, that is, to obstruct the implementation of the Central American peace agreement. It is not hard to see that the United States is greatly annoyed at the way the Central American countries have ignored its "peace proposal." Therefore, it hastily sent many people to go canvassing and to exert pressure.

As all people know, the core of the "peace proposal" of the United States is to maintain pressure on the Nicaraguan Government for "practicing democracy." It stipulates that all cease-fire agreements or negotiations must be agreed to by the Nicaraguan anti-government forces. It is natural that such arbitrary interference was rejected by the Central American countries, and would not bring peace to Central America. If the United States does not face squarely the reality and continues to pursue its policy which goes against the wishes of Central America, it will eventually get into trouble.

Party Congress, Political Reform Viewed
HK230832 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 38, 21 Sep 87, p 1

["Letter from Beijing" by Bao Xin (7637 0207): "The 13th Congress and Political Structural Reform"]

[Text] Dear Brother:

The 13th CPC National Congress has been scheduled to start on 25 October in Beijing. Before the congress, the 7th Plenary Session of the 12th CPC Central Committee will be held to discuss major matters relating to the congress, including the examination and approval of the report the 12th Central Committee will make at the 13th congress. It is said that the preparatory work for the entire congress is being speeded up and that the draft of the report will be amended again according to the opinions raised by people from all walks of life. The drafting of the report has been personally presided over by Acting General Secretary Zhao Ziyang, who will deliver the report at the 13th congress on behalf of the Central Committee.

CPC leaders call the 13th congress a "congress of reform and opening up to the world." The keynote of the congress is to further carry out reforms and open up to the world. The CPC has made progress and changes obvious to all since the implementation of the policy of reform and opening up to the world laid down by the 3d Plenary Session of the 11th CPC Central Committee in December 1978. The 13th congress will sum up the achievements and experiences in carrying out reforms and opening up to the world over the last 8 years and more and will make a new arrangement for the further implementation of the policy of reform and opening up to the world. China's reform is all-embracing. It started with the economic structure and has greatly promoted the development of China's economy. The problem now is how to carry out reform in this respect more profoundly. As for political structural reform, it is basically in the stage of deliberation and preparation although experiments have been made in certain aspects. In the report Zhao Ziyang will present a tentative idea on political structural reform to the 13th congress. Thus, after the discussion and decision by the congress, the long-awaited Chinese political structural reform will be formally instituted. As revealed by public opinion polls conducted in eight Chinese big cities in July this year, 93.8 percent of those polled favored political structural reform and 63.9 percent remarked that the central authorities had firm determination to carry out political structural reform. Thus it is obvious that it is imperative to carry out political structural reform and that the people have placed high hopes on the CPC and the government.

It has taken long to have political structural reform formally instituted, because this reform is complicated, involves various aspects, will produce sensitive effects, affects thousands upon thousands of people and their families, and involves a greater risk than that of carrying

out economic structural reform. We should be bold in making explorations and not be afraid of running risks. On the other hand, we should be careful in political structural reform. This cautious attitude is based on consideration for being responsible to the people and the state. We should strive to go ahead in an orderly and stable way under the situation of stability and unity and to bring about actual benefit instead of seeking an undeserved reputation.

As pointed out by Zhao Ziyang recently, political structural reform will focus mainly on the building of the democratic and legal systems so as to bring about the systematization of the political life of the state. Political structural reform involves various aspects, such as separating party leadership from government administration, delegating powers to the lower levels, streamlining administration, forming the democratic and legal systems, and reforming the personnel system. Of these aspects, separating party leadership from government administration will be given priority and regarded as a key issue. As a governing party, the CPC occupies a leading position in state life. In fact, CPC leadership should have manifested itself in the formulation of major state policies, in the exemplary vanguard role of party organizations and party members, and in leading and uniting the people of the whole country in sharing common efforts for socialist construction. The party should have mainly exercised ideological and political leadership and should not have monopolized specific affairs in state and social life. However, the fact of party leadership being not separate from government administration and of party leadership substituting for government administration, which has existed for a long time, has hampered various state organs and social organizations from bringing their functions and role in to play and has dampened their enthusiasm and initiative, thereby producing quite a number of negative effects. It can be said that the problem of party leadership being not separate from government administration and of party leadership substituting for government administration is the most serious shortcoming of all the shortcomings of China's political structure. Only by solving this shortcoming ahead of others, can all the other shortcomings of the political structure be fundamentally solved. Therefore, separating party leadership from government administration is the crux playing a decisive role in political structural reform. Its significance should not be underestimated.

As to what personnel changes the CPC Central Committee will make at the 13th congress, this is another major issue on which people in the country and abroad are focusing their attention with great interest. The 13th congress will elect a new CPC Central Committee. The plenary session of the Central Committee will elect the Political Bureau of the CPC Central Committee, the Standing Committee of the Political Bureau, the Secretariat of the Central Committee, and the General Secretary of the Central Committee. Members constituting the Military Commission of the CPC Central Committee will be decided by the Central Committee. Remarks

made by some CPC Central Committee leaders suggest that the average age of party and state leaders will be gradually made younger to maintain political vitality and ensure the continuity and stability of policies. This is also an important component of political structural reform. As estimated by Deng Xiaoping, it will take 10 years to truly make the average age of the leading strata younger, and the 13th congress will serve as the first step.

People in the country and abroad are paying close attention to the preparation and convening of the 13th CPC Congress. There are indications that the 13th CPC Congress will provide China with a new impetus and vitality in reforms and opening up to the world.

Yours, Bao Xin

14 Sep

Deng's Ideas on Socialist Democracy Viewed
HK230625 Beijing JINGJI RIBAO in Chinese
12 Sep 87 p 3

[Article by Niu Tiehang (3662 6993 5300): "Build Socialist Democracy in a Down-to-Earth Manner—Thoughts After Studying Deng Xiaoping's Ideas on Socialist Democracy"]

[Text] Democracy, a word refurbished time and again following updating by and progress of the society of mankind for thousands of years, has been vested with a more profound meaning.

Although democracy is an invisible and intangible abstract concept, it is by no means a fancy sheerly fabricated. As a superstructure, it must be built on the basis of certain productive forces and production relations and possesses social formations, state formations, and political formations. First, so far as social formations are concerned, each society generates its democracy and each democracy serves its society. In history, primitive tribes had a chieftain-type democracy; city-state democracy existed in the slavery of ancient Greece; feudal monarchal democracy existed in the Middle Ages; and bourgeois democracy exists in modern times. Following social progress, all democracies must surely undergo the process of generation, development, and ultimately be updated and replaced by a higher form of democracy. At the present age, the capitalist democratic system has passed its youth and prime of life, and its progressiveness and rationality is gradually disappearing and it will surely be replaced by a new-type and higher-level of democracy—socialist democracy.

Since democracy bears strong social characteristics, the democracy of China at the present stage is surely socialist democracy with Chinese characteristics. So far as state formations are concerned, it has been realized since the socialist country exercising people's democratic dictatorship was founded under the CPC leadership in 1949. However, as political formations or nonstate formations, democracy has not been completely realized

and has even been, as it were, far from completed. Comrade Xiaoping has pointed out: "On the basis of summing up experiences, the 3d Plenary Session of the 11th CPC Central Committee put forward a series of new policies. So far as the domestic policies are concerned, there are two most important points: one is to politically develop democracy, the other is to economically carry out reform. At the same time, reform is carried out correspondingly in the other spheres of society." This shows that Comrade Xiaoping has grasped the basic contradiction of social development and emphasized that it is necessary to vigorously develop social productive forces on the one hand and, on the other, to reform the political structure and democratic system which do not suit the development of productive forces.

At present, our country's socialism is in the initial stage of development, and this determines that the basic characteristics of socialist democracy in the present stage possess the following several distinct defects: 1) Under the socialist conditions, people's equal possession of the means of production determines people's political egalitarianism, thus laying the cornerstone of democracy. However, in practical life, the underdevelopment of the productive forces and their uneven development causes egalitarianism in form but inequality in reality. 2) Reflected in the leadership structure, the survival of feudalism and strong feudal consciousness are embodied in the excessive concentration of powers and in the phenomenon of bureaucratism and result in serious malpractices of the political structure of our country. 3) Due to long-standing historical reasons, the cultural standard of the citizens of our country is very low and illiterates number in the hundred millions, seriously hindering the democratic system of our country (like the general election system and so on) and the formation of people's democratic life and customs. 4) A complete legal system and the practical protection of the democratic system are lacking.

From this, we can see that feudalism is a formidable enemy of democracy. To develop democracy, it is essential to oppose feudalism and bureaucratism. In the "Reform of the System of the Party and State Leadership," after Deng Xiaoping enumerated 8 manifestations of the survival of feudalism and 100 characteristics of bureaucratism, portrayed feudalism and bureaucratism most vividly, and profoundly pointed out their harm, he said: "We succeeded and were thorough in carrying out the new-democratic revolution for 28 years and overthrew the feudalist reactionary rule and feudal ownership of land. However, as we insufficiently appraised the importance of the task of ideologically and politically eliminating the influence of the survival of feudalism, we could not complete a quick turn for the socialist revolution. We must now clearly and definitely put forward the task of ideologically and politically continuously eliminating the influence of the survival of feudalism and carry out a series of practical reforms in the system; otherwise, the state and people will suffer losses again."

The democracy we require is by no means anarchism spreading unchecked and bourgeois democracy. It will not work to cherish the outmoded and preserve the outworn, to safeguard feudalism, and to oppose reform; nor will it work to depart from the realities of China, to prattle about capitalist democracy, and to oppose feudalism with capitalism. At present, although our democracy possesses the essence of socialism, its contents are imperfect and unsound in form. In light of this actual situation, we must carry out reform, make the socialist democratic system perfect, and build socialist democracy in a down-to-earth manner and must not overstep the stage and pull up the seedlings to make them grow faster. While carrying forward the strong points of socialism, we must vigorously promote the development of the productive forces, really protect the masses' democratic rights of becoming the masters of their own affairs, and fix the successful democratic form and contents so as to make them become a relatively stable, relatively protected, and effective system. Comrade Xiaoping pointed out: "The key to eliminating the influence of the survival of feudalism lies in practically carrying out reform; perfecting the party and state systems; guaranteeing in the system the democratization of the political life of the party and state, the democratization of economic management, and the democratization of the entire social life; and promoting the smooth development of the cause of modernization." This statement by Comrade Xiaoping defines the protection of democracy in the the political, economic, and social aspects. Regarding the systematization of democracy, it points out not only the aim and significance of democracy but also the orientation of democratic reform. Indeed, the process of building a high degree of socialist democracy is by no means a short process. We must draw historical experiences and lessons and build socialist democracy step by step.

At present, the CPC Central Committee has put forward the task of reforming the political structure, and we shall no doubt understand more clearly the rich connotations and profound significance of socialist democracy by reviewing Comrade Xiaoping's expositions on socialist democracy.

Article Notes Socialist Nature of Reform

HK230320 Beijing GUANGMING RIBAO in Chinese
3 Sep 87 p 3

[Article by Wu Zhongyi (0702 0112 3085) and Chen Jing (7115 4552): "Correctly Understand the Socialist Nature of Reform"]

[Text] Viewed from the emancipation of the productive forces, China's ongoing economic structural reform is a revolution, a self-perfection of socialism, and the only way out to forge ahead. Thanks to 8 years of reform practice, China's economic construction is now characterized by an unprecedented and vigorous new situation. Through personal experience the people of the whole nation have deepened their understanding of the reform. The majority of our comrades have acquired a correct

understanding and have supported the reform. However, some comrades have still adopted a skeptical and reserved attitude towards the question whether reform is of a "socialist" or "capitalist" nature. Specific statements over the past few years can be summed up in the following words: right, deviation, and retrogression. That is, suspecting that the existing economic policies and the principle concerning economic structural reform will incline to the right; deviate from the socialist direction; and retrogress to capitalism. Recently some muddled views emerged which mistakenly set reform and opening up against upholding of the four cardinal principles, equated the policies and principles concerning reform, opening up, and economic invigoration with "capitalism," and regarded them as "bourgeois liberalization" and a target for criticism. Why is it difficult to completely clarify these mistaken views? The main reason is exactly as Comrade Zhao Ziyang recently pointed out: Views divorced from practice and actual life and the outmoded, ossified views are still serious and affect the minds of some of our comrades. For this reason, we should seriously study and comprehend Comrade Deng Xiaoping's reform thinking and correctly understand the socialist nature of reform.

The Basic Economic System Should Be Distinguished from its Concrete Form [subhead]

Comrade Deng Xiaoping pointed out: "The socialist system is one thing and the specific way of building socialism another." ("Selected Works of Deng Xiaoping," p 214) He also repeatedly emphasized: "The predominance of public ownership and common prosperity are the fundamental socialist principles we must adhere to." ("Building Socialism with Chinese Characteristics," revised and enlarged edition, p 99; quotations which follow providing only page numbers are quoted from this book) This is a basic viewpoint in judging and understanding whether the ongoing economic structural reform is of a socialist nature.

According to this basic viewpoint, it is necessary to distinguish the basic socialist economic system from its specific form of expression. The basic socialist economic system refers to public ownership of the means of production and distribution according to work. As this has been relatively stable in the historical period of socialism as a whole, we should build socialism along this direction. However, this should not be confused with the specific economic system and structure of socialism, namely, the concrete form of production relations. The specific form of socialist production relations should be frequently readjusted in practice and should undergo necessary reforms. Instead of profoundly studying the question whether the specific form of production relations was suited to the concrete conditions of the productive forces, our past study was confined to whether the general production relations were suited to the productive forces. In the resolution by the 3d Plenary Session of the 11th CPC Central Committee, our party summed up the experience of socialist practice and clearly pointed out from a high theoretical plane: "On

the premise of upholding the basic socialist system, we should make efforts to reform the specific systems which are not suited to the development of the productive forces and the interests of the people."

The specific economic system, and the structure to be established and perfected, covers much ground such as: the form and structure of ownership of the means of production with the predominance of socialist public ownership and the specific management and distribution systems suited to various economic sectors; the system of contracted responsibility on a household basis with payment linked to output; the system of contracting and leasing by enterprises; and the system of factory director assuming sole responsibility. So long as we follow Comrade Deng Xiaoping's instruction on upholding the predominance of public ownership and common prosperity, the measures and big steps taken in reform will not lead to polarization. They will constitute implementation of the fundamental principles of socialism and will be a clean break with capitalism. Therefore it would be wrong to simply regard the establishment and perfection of a specific economic system and structure with Chinese characteristics, namely the concrete form of socialist production relations, as a deviation from socialist orientation and as a rightist tendency, retrogression, or capitalism, without distinguishing the basic socialist economic system from its specific forms.

The Modernization Program Should Not Be Carried Out by Mechanically Copying Foreign Experiences and Models [subhead]

Comrade Deng Xiaoping said early in 1982: "In carrying out our modernization program we must proceed from Chinese realities... The mechanical copying and application of foreign experiences and models will lead us nowhere... We must integrate the universal truth of Marxism with the concrete realities of China, blaze a path of our own, and build socialism with Chinese characteristics—that is the basic conclusion we have reached after summing up long historical experience." (p 3) He further pointed out: "Whether something is conducive to building socialism with Chinese characteristics should be the criterion in judging the correctness of our work in all fields." (p 12) These expositions constitute the guiding principles we must follow in building a modern country, as well as basic viewpoints to distinguish and understand whether the ongoing economic reform conforms to the socialist nature.

This basic viewpoint teaches us that in building socialism with Chinese characteristics we cannot mechanically copy and apply foreign experiences and models. As our socialist modernization program is carried out under relatively backward economic and cultural conditions, we cannot mechanically copy the specific tentative ideas of Marx and Engels on the future society, nor apply the ready experience of the Soviet Union and other East European countries in building socialism. Instead, we should make explorations, bring forth new ideas, and blaze a path of our own. To judge whether the ongoing

economic reform conforms to the socialist nature, whether it is conducive to building socialism with Chinese characteristics should be taken as an essential criterion.

Practical experience has proved that we are bound to suffer if we apply general principles indiscriminately and mechanically copy foreign experience and models without integrating them with the actual realities. For example, Marx anticipated that socialist revolution would win victories in the developed capitalist countries simultaneously. Thus he predicted that: The form of socialist production relations would be ownership of the means of production by society as a whole (the two specific sectors of public ownership and other diverse economic sectors would not exist at all); distribution according to work would be realized among laborers, with labor coupons indicating the amount of labor they put in (not through wages, bonuses, and other specific forms); and that commodity production and currency circulation would not exist at all. Undoubtedly, it was Marx's scientific thesis to anticipate that the future socialist society would implement the principle of distribution according to work and public ownership of the means of production. This was the actual reality in the countries after winning the victory of socialist revolution. Nevertheless, we cannot indiscriminately apply the above-mentioned specific forms predicted by Marx. In another example, Stalin believed that commodity production existed in a socialist society and stressed drawing a clear demarcation line between this "circular commodity production and capitalist commodity production." This was of universal significance. However, his views on socialist commodity production were limited. Instead of regarding the means of production as commodities he merely admitted that they had the outer casing of a commodity. Thus, the means of production were restricted in the market. In the past the Soviet Union and other socialist countries followed Stalin's views in their practical work which resulted in hindering the development of a socialist commodity economy. In yet another example, Stalin formulated a full set of economic management systems based on administrative methods under the rigid control of the state. During the 1950's we mechanically copied the experience of the Soviet Union and this played a certain role. However, the defects of the system became evident as time passed. Hence, indiscriminately applying tentative ideas on future society or mechanically copying foreign models will lead us nowhere.

Some people find it hard to accept the important policies on reforming and perfecting the specific forms of production relations formulated by the party Central Committee since the 3d Plenary Session of the 11th CPC Central Committee. It is because their minds are restricted by certain fixed models, believing that these models constitute an insuperable, forbidden zone. Whenever a reform of the rigid economic system is mentioned they regard it as a negation of a planned economy; when some localities try to reform the distribution methods by adding floating wages to basic wages, they regard it as a negation of distribution according to

work; and they regard giving play to the role of the market mechanism and implementation of the enterprise leasing and contracted responsibility systems on a household basis with payment linked to output, as capitalist practices. Apart from the ideological influence of the "left" deviation, the people with these views have not grasped the basic Marxist viewpoint that foreign experience and models should not be mechanically copied in building socialism, and have failed to judge the nature of reform from the following criterion: whether it is conducive to building socialism with Chinese characteristics.

Social Productive Forces Are the Essential Criterion for Judging Progress and Retrogression [subhead]

Comrade Deng Xiaoping has emphasized the development of productive forces for years. He said: "What is socialism and what is Marxism? Our understanding of this question has not been perceptive in the past. Marxists attach great importance to the development of productive forces... The fundamental task of the socialist stage is to develop productive forces... The superiority of socialism should be manifested in gradually developing productive forces and improving the people's material and cultural life." (p 52-53) He continued: "Poverty is not socialism. Socialism should eliminate poverty. Without the development of productive forces and improvement of people's living standards, we cannot say that we have met the requirements of socialism." (p 104) This is a Marxist conclusion drawn by summing up years of experience in China. It is also the criterion for judging whether the ongoing reform belongs to qualified or unqualified socialism.

This basic viewpoint teaches us that observation should be made by integrating productive forces with production relations. We cannot make a study of production relations in isolation by deviating from the development of productive forces. The things proved through practice to be advantageous to emancipation of the productive forces, and that can promote China's socialist modernization, should not be regarded as a retrogression to capitalism. Conversely, the things that hamper productive forces and actually do not belong to socialism should not be attached to socialism or regarded as the innate nature of socialism. Whether or not it is advantageous to the development of productive forces should be the essential criterion in differentiating progress from retrogression and whether the ongoing reform is of a socialist nature.

In our understanding of socialism over the years we neglected the productive forces, stressed abstract principles by deviating from the productive forces, and believed that improvement of production relations, egalitarianism, and poverty were socialist things. Owing to this misunderstanding many "leftist" problems prevailed and some comrades could not enthusiastically support the new emerging things arising from reform. For example, the greater degree of public ownership was regarded as socialism, while the coexistence of other

economic sectors was regarded as non-socialism; doing things according to mandatory plans was socialism, while making use of the market mechanism was non-socialism; and everybody sharing food from the "same big pot" was socialism, while widening the income gap was non-socialism. Hence ossified views took shape by attaching things to the initial stage of socialism that actually did not belong to it, and regarding them as having the innate nature of socialism. Moreover, non-capitalist things were attached to capitalism and regarded as having the innate nature of capitalism. For example, they believed that leasing, contracting, and the joint stock system all were of a private nature and capitalist. As a matter of fact, these organizational forms and management means which are advantageous to the development of productive forces in practice can be adopted by capitalism as well as by socialism.

It is absolutely wrong to lay down a criterion and draw a conclusion with "leftist" ideas and conventions. There are numerous examples of regarding "leftist" practices as correct while regarding the correct policy of reform as rightist deviation and taking the capitalist road. The lesson in this regard is bitter. Theoretically speaking, the key lies in the failure to understand and master the criterion for judging whether or not specific forms of socialist production relations are correct. So long as we correctly foster Comrade Deng Xiaoping's thinking on developing China's social productive forces we will be able to acquire a scientific understanding and attitude. Namely, to vigorously adopt that which is advantageous, while resolutely eliminating that which hampers, the development of productive forces at the present stage. We must take development of the productive forces as the criterion for judging the correctness of the structural reform and policy decisions. This will be conducive to dispelling misgivings and correctly understanding the socialist nature of the ongoing reform.

PRC Denies Attempt To 'Eradicate' Tibetans
HK231034 Hong Kong AFP in English 0954 GMT
23 Sep 87

[Text] Beijing, Sept 23 (AFP)—China Wednesday denied reports that it had shifted people from Chinese provinces to Tibet in an attempt to "eradicate" its native population.

"To say, as certain foreign reports have done, that China has made people from other Chinese provinces emigrate to Tibet to eradicate the Tibetans is a pure lie," the official CHINA NEWS SERVICE (CNS) quoted an official of the State Committee for Religious Affairs as saying.

The unidentified official, who visited Tibet in August on a fact-finding mission, told CNS that as of 1986, more than 95 per cent of Tibet's 2.02 million inhabitants were ethnic Tibetans. The Hans, China's largest ethnic group, made up only 3.6 per cent of the total population of Tibet in 1986, the official said.

He denied allegations that political prisoners were detained in Tibet saying that the notion of political

prisoners did not exist in China. He said 974 people were detained in Tibet's only prison and two re-education camps in 1986, including 964 common law prisoners and a handful of "anti-revolutionary criminals."

China has never clearly defined what constitutes "anti-revolutionary crimes," observers said.

Observers said the CNS report was apparently referring to two amendments adopted by the U.S. Congress in June regarding alleged human rights violations in Tibet. China had denounced the amendments as "gross interference" in its internal affairs and said they were "a serious distortion of the true situation."

Observers noted that the CNS report coincided with an official visit to the United States by the Dalai Lama, Tibet's spiritual leader who fled to India in 1959. Beijing has denounced the trip, saying Tuesday that "the Chinese Government has always opposed the Dalai Lama engaging in activities in other countries in whatever capacity."

Leaders Attend Funeral Service

OW221336 Beijing XINHUA in Chinese 1216 GMT 22 Sep 87

[excerpts] Beijing, September 22 (XINHUA)—Over 300 mourners today paid their last respects here to Cao Jinghua, an outstanding Chinese revolutionary writer, translator and educator, who died September 8 at the age of 90.

Among those at the Babaoshan Cemetery for Revolutionaries were Chinese leaders Deng Yingchao, Xi Zhongxun, Li Peng, Yang Shangkun, Hu Qili, Deng Liqun and Zhou Gucheng. Han Tianyou, Song Ping, Yang Yichen, Zhou Peiyuan, and Lei Jieqiong also paid last respects to Cao Jinghua. [passage omitted]

A good friend of Lu Xun, the late Chinese literary giant, and Qu Qiubai, one of the Chinese Communist Party's early leaders and an important founder of China's revolutionary literature, Professor Cao was a pioneer in translating and introducing into China the revolutionary literature of the Soviet Union.

Formerly named Cao Lianya, he was born in 1897 in Lushi County, Henan Province. [passage omitted]

Leaders Speak at National Economic Meetings

OW222124 Beijing XINHUA Domestic Service in Chinese 1259 GMT 22 Sep 87

[By RENMIN RIBAO reporter Jiang Shijie and XINHUA reporter Yu Youhai]

[Text] Beijing, 22 Sep (XINHUA)—Addressing a national planning conference and a national conference on economic structural reform here today, Yao Yilin, vice premier of the State Council and minister in charge of the State Planning Commission, pointed out: China

should deepen the reform of the economic structure in 1988. It should tighten control on credit, finance, and prices, and strengthen management in this regard. At the same time, it should strive to increase its production and revenue in order to maintain a steady growth of the national economy.

Qiao Shi, Li Peng, Hao Jianxiu, Ji Pengfei, Wang Renzhong, Song Ping, Song Jian, and other leading comrades attended the two conferences which were both held this morning. The central subjects of the two conferences were to make the 1988 plan for national economic and social development and to discuss the plan for reform of the economic structure. At the opening of the two conferences, Li Peng pointed out: The State Council decided to hold these two conferences at the same time because production and construction cannot be separated from the reform of the economic structure in our country. Holding the two conferences at the same time is aimed at further combining production and construction with the reform of the economic structure in order to promote economic development through reform and to ensure the smooth development of reform with economic development.

Facts show that the general situation in the country's industrial and agricultural production has been good since the beginning of the year. The output of several major agricultural products, such as grain, cotton, oil-bearing crops, and aquatic products, increased over last year. Industrial production, which continued to increase, was generally kept in proportion. Foreign trade and exports were both better than expected. The outstanding problem now is unstable prices. Therefore, a top priority task in all economic work at present is to keep prices basically stable.

In his speech, Yao Yilin analyzed China's current economic situation. He held: There are many reasons for unstable prices, but basically, unstable prices are inseparable from the fact that the total social demand for investment and consumption has yet to be brought under control and that society's total demand still outstrips its total supply. If we fail to solve this problem, to keep society's total demand and total supply generally balanced, and to base such a balance on a rational structure, it will be impossible to change the trend of rising prices. In that case, the steady development of the national economy and the reform of the economic structure will encounter great difficulties. Yao Yilin proposed a target for macroeconomic control as well as some basic measures that must be taken. He stressed: All regions and departments should unify their thinking, understand this point, and make plans for next year's work based on the need to stabilize the economy and prices.

The major measures enumerated by Yao Yilin are: to vigorously increase the production and supply of agricultural and sideline productions as well as textile and light industrial products in order to keep the domestic market and people's livelihood stable; to ensure the construction of necessary key projects, reduce construction projects of a general character, and stop the building

of a number of unprofitable projects as well as some office buildings, auditoriums, and hotels; to arrange expenditure in a thrifty way and be prepared to lead a hard life for several years in order to alleviate and surmount the financial difficulties facing the state; to arrange bank loans in a thrifty way and keep currency under strict control; and to further change our concept of planning and promote reform of the planning system.

Yao Yilin said: In reforming the economic structure next year, we should mainly carry out related reforms while deepening the reform of enterprises' operation mechanisms. In reforming the planning system, stress should be placed on the reform of the investment structure, the system of materials, and the system for the distribution of foreign exchange, in order to further increase the vitality of big and medium state enterprises, to better arouse localities' enthusiasm, and to noticeably raise both microeconomic and macroeconomic results. This includes the following: It is necessary to resolutely and gradually institute the system of macroeconomic regulation and control, with the stress on indirect control, as the basic target for the reform of the planning system. Most enterprises may make their own decisions on and arrangements for their production and management according to their development plans and market demand. The state will not directly manage them, but will indirectly regulate and guide them mainly by economic means. Attention should be paid to managing economic activities with economic methods. The functions of economic organs should be changed, and the phenomenon in which policy-makers take no risks and money spenders are not held responsible should be changed. It is necessary to raise the efficiency in the use of funds and to organize the supply of materials in a rational direction for the flow of materials in order to speed up their turnover. Local power in planning management and economic regulation and control should increase. It is necessary to institute a bilevel system of management, regulation, and control—the system of management, regulation, and control by the central authorities, and that by provinces, autonomous regions, municipalities, and cities with province-level economic decision-making power under the unified leadership of the central authorities. This will make better use of favorable conditions in various localities, develop the commodity economy, and promote the formation of a complete, open, and competitive market system throughout the country. We should change our concept of planning and improve our planning work. This requires planning departments to turn over to other departments some day-to-day work which they should not do, so that they can concentrate on research and come up with a strategy for economic and social development, the proportions between major economic sectors, and overall arrangement, for the productive forces, industrial structure, enterprise structure, distribution policy, technology policy, and so forth.

Yao Yilin called for making vigorous efforts to do the work for the fourth quarter of the year according to the guidelines laid down by the two conferences, especially

to control the scale of construction, bank credit loans, and expenditures, and to fulfill the task in collecting revenue for this year.

Wan Li at Start of Pre-Asiad Mass Run

OW220836 Beijing XINHUA in English 0805 GMT
22 Sep 87

[Excerpt] Beijing, September 22 (XINHUA)—A mass running to usher in the 1990 Asian Games in the Chinese capital started here this morning with eight world famous Chinese athletes and more than 330 jogging enthusiasts participating.

China's Vice-Premier Wan Li and Minister Li Menghua of the State Physical Culture and Sports Commission attended the starting ceremony at downtown Beijing's giant Tiananmen Square. The run is part of a campaign to raise funds for and give publicity to the 1990 Asiad. [passage omitted]

He Kang on Agricultural Development Aims

OW211811 Beijing XINHUA in English 1544 GMT
21 Sep 87

[Text] Beijing, September 21 (XINHUA)—China's agricultural development strategy aims to spread modern agro-techniques, industrialize the countryside, urbanize rural towns and improve rural life.

And this goal will be achieved in three steps, said He Kang, minister of agriculture, animal husbandry and fisheries, in an interview with "Outlook" magazine.

The initial step, which aims to enable the rural residents to earn enough to adequately feed and clothe themselves has been basically completed, He said.

It is being followed by efforts to significantly raise the rural living standards by the end of this century and, proceeding from this, China will strive to meet the standards of developed countries of the medium level.

The most pressing task is to develop rural construction and the productive forces by expanding rural commodity production and deepening the rural reforms under the policies pursued since 1979.

The minister said it is necessary to further reform policies for higher labor and land productivity, better commodity distribution and expanded commodity economy.

By 2000, He said, the value of goods and services produced in the countryside should increase to 1,890 billion yuan (511 billion U.S. dollars) annually; and grain output, at least 500 million tons a year. The amount of grain produced by each farmer per year should double, He said.

By the end of this century, rural industries are expected to supply 70 percent of the goods and services in rural areas, while crops should make up half the total rural output value.

The minister urged farmers, in a bid to improve productivity, to switch over from growing crops to becoming involved in the processing and service industries.

In defining the standard of living target for the end of this century, He gave the figures of average annual per capita net income of 800 yuan (216 U.S. dollars), and average per capita consumption of grain at 430 kilograms, of meat at 25 to 30 kilograms and of aquatic products at 14 kilograms.

He cited the following as necessary to achieve this goal:

— Devoting 75 percent of the land under cultivation to grain crops;

— Raising grain prices;

— Promoting the breeding of herbivores and agricultural products processing industries;

— Encouraging farmers to raise crops or livestock on plots round their courtyards; and

— Allowing the paid transfer of land use rights.

He Kang Addresses Rice Research Conference

OW211818 Beijing XINHUA in English 1651 GMT
21 Sep 87

[Text] Hangzhou, September 21 (XINHUA)—China develops rice production by relying on policy and science while increasing investment, He Kang, minister of agriculture, animal husbandry and fisheries, told an international rice research conference here today.

Some 250 scientists from 23 countries and territories are attending the five-day conference, which is co-sponsored by the International Rice Research Institute, the Chinese Academy of Agricultural Sciences and the Hangzhou-based China National Rice Research Institute.

On major factors for China's agricultural development, He Kang cited the system of contracted responsibility that links remuneration with output based on the collective economy, which has boosted farmer enthusiasm for production.

Policies conducive to developing food production have been implemented, He added, saying that in 1979, the price for government purchase of surplus grain was raised 50 percent.

In 1985, the compulsory purchase of grain by the government was replaced by a new system under which farmers sell their surplus grain to the government under contracts signed before the sowing season, He said.

That means peasants are free to sell whatever amount of grain beyond the contracts, He added.

Meanwhile, the state has helped farmers improve production conditions by investing in capital construction of farmland centering on soil improvement and water conservancy.

Thanks to work over the past three decades, 45 percent of the farmland throughout China is now under irrigation, up from 18.5 percent in 1952. And practically all rice fields have irrigation facilities, He added.

Half of China's chemical fertilizer output is used in rice production, and improved farm mechanization and increased power supply have also contributed to increased rice output, He said.

Fields with two crops of rice planted annually totalled 3.6 million hectares in 1949, 14 percent of the total area under rice. By 1985, the double-rice cropping acreage had grown to 9.7 million hectares, one third of the total.

To date, China has a quarter of its total rice plots planted with hybrid rice varieties, He said.

Commentator on Developing Productive Forces

HK210611 Beijing LIAOWANG in Chinese No 36,
7 Sep 87 p 1

[Commentator's Article: "Pay Attention to Developing the Productive Forces"]

[Text] Under the title "Developing the Social Productive Forces Is Our Central Task," this issue has published abstracts of speeches at a seminar sponsored by the magazine. These abstracts provide profound theoretical and practical explanations from different angles on the question of the development of the social productive forces. They are worth reading.

Marxist historical materialism holds that the productive forces ultimately determine the development of a society. Under the leadership of the party, the Chinese people, after a long period of revolutionary struggle, finally overthrew the three big mountains that had weighed them down. Subsequently, they carried out the socialist revolution for the purpose of removing the restrictions of the old production relations, developing the social productive forces, and initially realizing their wish of improving their material and cultural life. The formation and growth of socialism can never be separated from the development of the productive forces. We are still in the initial stage of socialism. We want to eliminate poverty, and we want to build a better socialism. In the final analysis, we want to speedily develop the productive forces. The purpose of adhering to the four cardinal principles and implementing the line laid down by the 3d Plenary Session of the 11th CPC Central Committee is to provide fundamental guarantees for the development of the productive forces; and the purpose of persisting in reforms and opening up to the world is to further emancipate and develop the productive forces. Therefore, anything beneficial to the development of the productive forces conforms to the fundamental interests of the people and socialism; and anything detrimental to the development of the productive forces runs counter to the fundamental interests of the people and scientific socialism. In a word, developing the productive forces is the central task in China's socialist construction. In the

course of socialist construction, we cannot regard what restricts the development of the productive forces as "socialism" and preserve it, nor can we regard what is beneficial to the development of the productive forces and socialist modernization as "capitalism" and oppose it.

Before liberation, China was a semifeudal and semicolonial country with a poor economy and backward culture. In building socialism in China, we should proceed from the actual conditions of the country and take the development of the productive forces and the elimination of poverty as our central task. Once Comrade Mao Zedong explicitly pointed out: "Our fundamental task has shifted from emancipating the productive forces to protecting and developing the productive forces." The Eighth Party Congress in 1956 also stipulated that the principal task of the entire party and people was to develop the productive forces. But for a while afterwards, due to a lack of experience and the influence of "leftist" mistakes, we did not take the development of the economy and productive forces as a fundamental task in our actual work, but instead laid stress on "taking class struggle as the key link." During the "Cultural Revolution," there was a large-scale repudiation of the "theory of the unique importance of the productive forces," which created great confusion in the ideological and theoretical fields and brought about enormous harm in practice. These "leftist" mistakes manifested themselves mainly as follows: 1) Being overanxious for quick results and for an early "transformation into communism," regardless of the actual conditions; and 2) being overanxious to attain "purity" in the socialist economy. These two led to constant increases in the degree of ownership, which found expression in the mentality that believed that the "larger the size and the more collective in nature" a form of ownership was, the more socialist it was. In matters of distribution, people pursued the principle of egalitarianism and thought that the "more equal" the distribution was, the more socialist in nature it would be. In the management structure, powers were centralized, the idea being that the more affairs the state managed, the more it could bring its socialist role into play. Therefore, for a period of time starting in the late 1950's, the national economy remained in stagnation and the people's livelihood remained unimproved. During the 10-year catastrophe, the national economy was on the brink of collapse. All this remained unchanged until the 3d Plenary Session of the 11th CPC Central Committee, which shifted the party's work focus to socialist modernization and found a fundamental solution to the above problems.

The 3d Plenary Session of the 11th CPC Central Committee was a great turning point of far-reaching significance in the history of the party. Reunderstanding socialism has enabled us to reestablish our explanation of the socialist system on a scientific basis. Since the 3d Plenary Session of the 11th CPC Central Committee, we have developed various economic forms, with public ownership as the main component, regarded the full

development of the commodity economy as an indispensable period in the development of the socialist economy, and introduced various forms of distribution, with distribution according to work as the main component. Over the last 9 years, the general principle and general policy of reforms and opening up to the world, as well as the measures for implementing the principal and policy, have produced marked results and promoted the productive forces. Practice has proved that reforms and opening up to the world are the only way to develop the productive forces.

China has now made major achievements in economic structural reform. Political structural reform has also been put on the agenda. The purpose of structural reforms is to develop the productive forces under the leadership of the party. The criterion for judging whether these reforms are successful or not is whether they are beneficial to the development of the productive forces. We should always remember that it is necessary to break away from the habit of talking about socialism as separate from the development of the productive forces and to wholeheartedly devote our efforts to reforms.

China's Reform Achievements, Difficulties
HK221251 Beijing RENMIN RIBAO in Chinese
14 Sep 87 p 2

["Dialogue on Economic Life" column: "How Should We Approach the Achievements and Difficulties in the 8 Years of Reform?—Written Answers Given by Theorists and Experts Concerned to Questions Raised by Cadres and Other People"]

[Excerpt] **Question: What discernible achievements have we attained in the 8 years of reform?**

Answer by Gao Shangquan (7559 1424 0356): Over the past 8 years, we have made important headway in China's economic structural reform. The chief manifestations are as follows:

1. Impressive successes have been scored in rural reform.
2. We have adjusted the ownership structure, developed diversified methods of operations, and invigorated the urban and rural economy.
3. We have expanded the decisionmaking power of enterprises and increased the vitality of production and operation.
4. The planning structure has been initially reformed and the market mechanism begins to give scope to its role.
5. With the reform of the circulation structure, the commodity market has rapidly developed.
6. We have initially reformed the irrational pricing system and the overconcentrated price management structure.
7. With the reform of the wage system and the labor system, the practice of "everybody eating from the same big pot" and "giving everyone an iron rice bowl" has gradually been discarded.

8. We have reformed the financial and taxation structures and given full scope to the regulatory role of taxation.

9. With the reform of the banking structure, the capital market has developed.

10. We have conducted the comprehensive urban economic structural reform on an experimental basis and increased the economic functions of the cities.

11. With the implementation of the policy of opening up to the outside world, our economic, technological, and trade relations with other countries have been expanded.

12. We have conducted reforms of the scientific, technological, and educational structures and other reforms of the superstructure.

In judging whether a reform has been successfully carried out, the most important criterion is to see whether it has stimulated the productive forces. The 8 years of reform has not only enriched the Marxist economic theory but also stimulated the Chinese economy and improved the people's livelihood. This period of reform has seen the most vigorous and stable economic growth and the most rapid increase in national power. It has given the people the greatest benefit.

Viewed from the sustained economic growth, China's gross social product progressively increased at an average annual rate of 7.9 percent from 1952 to 1978. During this period, the registered highest annual growth rate was 32.7 percent while the lowest was -33.5 percent, showing a difference plus 24.8 and minus 41.4 percentage points from the average annual growth rate respectively. From 1979 to 1986, the gross social product progressively increased at an average annual rate of 10.1 percent. During this period, the highest annual growth rate was 16.5 percent and the lowest was 4.6 percent, showing a difference of plus 6.4 and minus 5.5 percentage points from the average annual growth rate respectively. This shows the increasing stability of our economic growth.

Viewed from the growth of our country's economic power, the national income grew at an average rate of 31.5 billion yuan annually between 1979 and 1986 while it grew at an average rate of 8.4 billion yuan annually between 1952 and 1978. Calculated from comparable prices, the GNP increased by 102 percent in 1986 over 1978, the national income by 95 percent, the state financial revenue by 98 percent, and the extra budgetary funds of departments, localities, and enterprises by 380 percent. The output of electricity, steel, coal, and petroleum has risen from 7th, 5th, 3d, and 8th place in the world to 5th, 4th, 2d, and 5th respectively. Viewed from the people's livelihood, the people's per capita net income in the rural areas increased from 134 yuan in 1978 to 424 yuan in 1986. The people's per capita living expenditure income in the cities increased from 316 yuan to 828 yuan; after allowing for price rises, these represent an increase of over 160 and 80 percent respectively. The savings deposits of the urban and rural people

rose from 21.06 billion yuan to 230 billion yuan. With some 60 million new jobs provided for the people in cities and towns over the past 8 years, the unemployment rate has dropped from 5.3 percent to 2 percent. The gap in consumption levels between the urban and rural areas has narrowed, dropping from 1:2.9 in 1978 to 1:2.3. Following the rise in consumption level, the consumption pattern has also changed. The number of durable consumer goods has increased quickly. According to a sample survey by the State Statistical Bureau in September 1986, for every 100 households in the cities there were 61 washing machines, 57 tape recorders, 15 cameras, 16 refrigerators (57 refrigerators in Beijing), and 26 television sets (47 sets in Beijing).

Question: Have there been any errors in the 8 years of reform? If there have been some errors, what are their principal manifestations?

Answer by Wang Xiaolong (3769 2556 7893): First, it should be noted that the achievements in the 8 years of reform have been great and impressive. It should also be noted that it is inevitable that some problems should emerge; with such a big country as ours and a poor foundation to start with, we have a poor capability to withstand the risk of reform, our socialized production is underdeveloped, the quality of our cadres at all levels in managing modern economy is still poor, and we have neither a completely identical view on some basic problems nor rich and ready-made reform experience to go by. Their chief manifestations are as follows:

1. The relationship between reform and development has not been handled sufficiently well. On the one hand, the excessively large construction scale and the excessively strained economic life have left the reform little room for maneuver. On the other hand, the question of how to conduct the reform in such a way as to maintain a short-term economic balance, to promote the rational adjustment of the industrial structure, and to work out an industrial policy in keeping up with the development is still to be further explored.

2. Macroeconomic management is out of step with the microeconomic invigoration. With the improvement of management competence, the extra budgetary funds of the localities and enterprises have increased. However, a necessary guidance system has not yet been established for the use of these funds. In some years, the growth of practical wages outstripped that of productivity. Nor do we have a rational and effective method to control the investment in fixed assets and the consumption funds of the society as a whole.

3. We lack sufficient understanding of the protracted nature, arduousness, and complexity of the reform and set excessive demands for the establishment of a new economic structural basis. When putting forward some measures, we fail to take into full account the economic environment at that time and the possible side-effects, which has resulted in our taking excessive steps. Some support measures for reform have not been planned

carefully enough. With regard to some reform measures, the problems of rigid uniformity and rushing into mass action exist in practice.

4. We have not made the best use of the situation to promptly establish the necessary economic order, to work out effective methods of management and to provide an adequate number of qualified managerial personnel. There are also shortcomings or defects in various fields, such as in working out economic laws, carrying out market management, protecting the interests of consumers, guiding consumption demands, correctly handling the relationship between different interest groups, and fully encouraging the broad masses to take an active part in the reform. **Question: What changes have taken place in the relationship between the central and local authorities since the reform?**

Answer by Zhou Dali (0719 1129 0500): Since the economic structural reform and in line with the principle of delegating power to the lower levels, we have adjusted the relationship between the central and local authorities, aroused the initiative of the localities, and stimulated economic development.

First, we have extended the financial power of the localities at the provincial level. In the financial system, we have increased the financial power at this level by adopting different methods toward different provinces, municipalities, and autonomous regions, such as dividing revenue and expenditure between the central and local government and holding each responsible for balancing their own budget, turning over definite revenue quotas or a proportionate amount of revenue to the central government, and giving progressively increased subsidies.

Second, we have extended the planning management power of the local governments. Governments at all levels are getting certain powers to make investments in fixed assets, to carry out technological transformation, and to engage in urban and rural construction.

Third, we have extended the economic management power of the local governments. The local governments are getting certain powers to use foreign exchange, to reduce or exempt taxes, and to fix prices and wages.

Delegating various management powers to the lower levels has begun to change a situation once characterized by overconcentration of power in the central government. The central government has moved toward indirect control in economic management, reduced the scope of mandatory planning, given its guidance through data and advice, and gradually strengthened the use of economic and legal means.

Over the past few years, the NPC has approved 42 economic laws and the State Council has promulgated over 170 economic decrees and regulations. The relationships between the central government and the provinces, municipalities, and autonomous regions has been

partially adjusted, the situation of association and competition among different regions is beginning to take shape, and the barriers between higher and lower levels and between different departments or regions are being smashed. With the deepening of the reform, the limits of authority between the central and local governments will be further defined, bringing into fuller play the initiative of both the central and local governments.

Question: What stage has the current reform reached in the entire reform process and what are its difficulties?

Answer by Wang Xiaolong: Our country currently faces development at three different levels: The socialist development is in the initial stage, the socialist construction is in the stage of moving from a traditional economy to a modern economy, and the economic structural reform is in the stage of being conducted in full swing and moving from the old to new structure. Given the present situation, the degree of difficulty in conducting reform is much greater than before. The principal manifestations are as follows:

1. Since we have entered the stage in which the old structure is making a transition to the new one and the two systems exist side by side, the friction between the two systems has increased.

2. Since we have entered a higher stage of reform, in which the dominant position of the decentralization of power and the concessions in profit-sharing gives way to the straightening out of the basic economic relations, the reform faces many new and difficult problems. For example, the enterprise microeconomic mechanisms are not sufficiently rational and the large and medium-sized enterprises have not been sufficiently invigorated; the various economic relationships have not been straightened out, which restricts the role of market mechanisms, and the scope of products, whose prices are fixed by the state, is still too large; the market transparency is low and we lack the necessary, indirectly controlled market signal system and the regulatory means. 3. In the stage of pattern changes, the degree of macroeconomic management has greatly increased. The regulatory and control functions of the original administrative planning structure are constantly weakening. The new economic operational structure and management methods cannot possibly be established and perfected in a short time. This has led to a "management vacuum" in certain respects, causing difficulties to the state's statistics, planning, and regulation of the entire macroeconomic activities. This has provided a handful of people with the opportunity to engage in unhealthy practices and even commit economic crimes. We are still fairly weak in terms of economic legislation and judicial work. The necessary supervisory and management work has lagged behind. Failure to draw clear lines of demarcation in applying the policies will also cause some new problems.

The problems and difficulties we face in the reform have clearly shown the protracted nature, arduousness, and complexity of making a transition from the traditional

old structure to the new. Therefore, only by continuously pushing forward and constantly deepening the reform will it be possible to solve these problems one by one. [passage omitted]

Article on Development of Economic Theories

HK140741 Beijing HONGQI in Chinese No 16,
16 Aug 87 pp 8-14

[Article by Liu Guoguang (0491 0948 0342): "Certain Important Developments in China's Economic Theories Since Reforms Were Initiated"]

[Text] The economic structural reform in China over the past 8 years or so has not only achieved marked results in practice, but has also made important developments in theories. The developments, which are rich in contents, have far-reaching significance and bright prospects. Here I would like to make a brief comment on four aspects, namely, economic patterns, the relationships of ownership, the operational mechanism, and the distribution system.

1. Acknowledging the Variety of Socialist Economy Patterns Has Provided a Theoretical Basis for Overall Reform of the Economic Structure [subhead]

Over a long period of time, there has been a traditional idea in socialist political economics, namely, only the social and economic system built in accordance with the future social pattern envisaged by Marx is socialism, and only the economy organized and operated in accordance with the pattern and principles formed in the Soviet Union during the 1930's to the 1950's is a socialist economy. At that time, people believed that the more an economic system sticks to the words in classical works and the closer it is to the traditional pattern in the Soviet Union, the more socialist it is. It seems that this is the only feasible pattern of socialist economy. This traditional idea existed in China for nearly 30 years.

Since the policy of reform, opening up, and invigoration was put forth at the 3d Plenary Session of the 11th CPC Central Committee, China's economic circle has been discussing the problem of the orientation of China's economic structural reform. We have gradually realized that there is more than one way to organize and operate a socialist economy; there are many ways, and that an economic system should not be just one pattern, but can have several patterns. This is a big breakthrough in China's economic theory. It indicates that our socialist economic theory and practice have moved from the previous stage of copying others in an oversimplified way to the present stage of blazing new trails and making developments independently.

Acknowledging that the socialist economic system is not a fixed and unchanged pattern, but may have different patterns has at least the following three important consequences.

A. It can help people understand that the current economic structural reform in China is not a partial modification, but a radical transformation of patterns.

In the history of socialist economic development in China, we "improved" and "modified" our economic management system in 1958 and 1970. But the previous "improvement" and "modification" were partial revision under the circumstance of not changing the traditional structure patterns, and did not touch the basic frame and major operation principles of the original economic structure.

As seen from the practical experiences in China and some Eastern European countries, modifying and supplementing specific links of the previous structure without changing the pattern of the economic structure has many limitations. Partial changes often lead to relapses due to the serious obstruction of the traditional structure and cannot achieve the expected target. The circle of "relaxation-disorder-control-rigidity-relaxation" in previous development of China's economic structure is proof. In the past, some socialist countries avoided mentioning "reform," and only mentioned "improvement" and "modification". Although they continuously improved the traditional structure without thoroughly changing the original pattern, they could not solve such old problems as vitality, quality, efficiency, and the linking up of production and demands in economic life. Therefore, they recently raised the issue of reform again and wish to thoroughly transform the original economic structure. In order to make the reform not restricted to partial improvement but directly involved in improvement of structure pattern, it is necessary to acknowledge theoretically that the socialist structure can have various types and patterns. This is a theoretical prerequisite to the switch from one structure pattern to another, namely, an important transformation of the pattern of socialist economy.

B. It can help people to correctly view various patterns in history and to design the general plan and objective pattern for China's economic structural reform.

Should there be a general plan and tentative objective in conducting economic structural reform? We held different views on this problem in the beginning. Along with the overall development of economic reform focusing on cities, people in the theoretical circle have gradually unified their ideas and called for planning a general objective pattern and formulating a general reform plan on this basis by proceeding from China's national conditions. If we fail to understand in theory that there could be various ways to organize the socialist economy, then it will be difficult for us to select and design objective patterns and to formulate general plans for reform. With this theoretical understanding, we can correctly treat various patterns in history and compare their strong and weak points and their respective historical roles. We will neither treat a certain pattern as a fixed one that cannot be changed, nor will we completely negate its historical value due to the need for reform resulting from subsequent changes. This demands that we, in designing objective patterns of reform, pay attention not only to the switch from one economic pattern to

another, but also to maintaining the continuity of economic operation and the succession of different structure patterns. In addition, with this theoretical understanding, we can not only make our reform objective have its own characteristics and refrain from copying patterns of other countries, but also can selectively study and make use of the strong points of different patterns in foreign countries. We will not recklessly negate the rationality and effectiveness of the patterns and practices of other countries in their own economic development.

C. It can help enrich and develop Marxist theory on socialism.

As mentioned above, in the past we used to believe that only the socialism built in accordance with the future society envisaged by Marx is genuine socialism. However, things are not so simple. In fact, Marx himself did not put forth the task for designing the pattern of future socialist society. Some of his talented predictions were high abstractions of the economy in which social productive forces have developed greatly and the socialization of production has reached a very high level. But practical socialist construction is conducted under conditions quite different from Marx' theoretical abstraction. In particular, China is now in the initial stage of socialism in which the level of social production, the degree of socialization of production, and the degree of the development of commodity economy are relatively low, the organizational form and operational mechanism of the socialist economy will inevitably display different characteristics and form different patterns. Acknowledging in theory the necessity of different patterns of socialist economy is itself a pioneering work and development to Marx' theory on economy. At present, all countries are exploring patterns of development and structure suited to their own conditions. And comparing and studying different patterns of socialist economy, exploring reform patterns and switching channels suited to China's national conditions, and further developing Marxist theory on the pattern of socialist economy are important tasks confronting China's theoretical circle.

2. Acknowledging That the Ownership of Socialist Society Is Not One in Which the Bigger, the More Public, and the Purer the Ownership Is, the Better, but Is the Development of Various Economic Elements With Public Ownership as the Main Form [subhead]

What ownership structure should a socialist society build? This is one of the basic theoretical problems in current Marxist theory on economy, as well as an important practical problem that should particularly be solved in building a socialist economy structure with Chinese characteristics. Before the reform, people had a lot of misunderstanding of this problem and tended to oversimplify, adding some things that now turn out to be non-socialist in the name of socialism. In the practice of reform over the past 8 years or so, we have done away with these traditional ideas and made new developments in the theory on socialist ownership.

A. Get rid of the old idea that the bigger, the more public an ownership is, the better; establish the new idea that the nature of productive forces decides the structure of ownership.

Over a considerably long period, due to "leftist" mistakes and under the influence of the idea that the bigger, the more public an ownership is, the better, people paid more attention to developing the economy owned by the whole people, and less attention to developing the economy of collective ownership; rejected individual and other non-public economy; engaged in premature "transition to a higher form of public ownership;" and forcibly combined economic units to bring about transition to a higher level, such as combining several small collective economies into a large collective economy, and upgrading large collective economy to the economy owned by the whole people, thus forming a setup of unitary development toward nationalization and making the ownership structure increasingly rigid.

The reform has changed this setup and transformed theoretical concepts. From the practice of reform of the relationships between ownerships over the past few years, we have drawn a basic experience, namely, the selection of an ownership form should not be decided by subjective pursuit of ideal, but must be decided by the level of productive forces, by the objective nature of the organizing of productive forces, and by the objective demands for developing productive forces and improving economic results. In China, there is not only modern mass production, but also backward small production, not only mechanical and automatic operations, but also plenty of manual operations. Even modernized productive forces do not move toward the unitary direction of large-scale and concentrated development, but there have appeared several trends of concentration and deconcentration. Mass production with a high degree of socialization and concentration is suitable to take the form of ownership by the whole people, but deconcentrated small production is suitable for operation by individuals. Collective ownership is a form of ownership with much compatibility, which can not only be integrated with the process of production with a relatively small scale and a low level of production forces, but can also be integrated with the process of modern production and in a relatively large scale. Therefore, we cannot simply say that small collectives are inferior to large collectives, and that the collective economy is inferior to the economy owned by the whole people. The criterion reflecting the advantages of socialist public ownership lies not in the size of the scale of public ownership or the level of public ownership, but in whether the form of public ownership can meet the needs of the development of productive forces. The idea that "the bigger and the more public an ownership is, the better" actually runs counter to the basic tenets of Marxism that the relationship of production must be suited to the nature of productive forces. Getting rid of this wrong idea can not only make us return to the correct Marxist views, but can also provide us with a theoretical basis in correctly selecting ownership structure in accordance with the

multi-tier nature of productive forces, thus vigorously promoting the development of practice and theory of reform on the relationships between ownerships in China.

B. Get rid of the old idea that the purer the socialist ownership is, the better, and establish the new idea that different ownerships may co-exist and link with each other.

Related to the idea that the bigger and more public an ownership is, the better, is the idea that the purer the socialist ownership is, the better. Socialist society must allow the existence of public ownership only, and must not allow the existence of non-public ownerships. Thus, not only was the individual economy continuously rejected and almost extinguished, but the small plots of land allocated to rural people's commune members and their household sideline production were treated as "the tail of capitalism" and cut off again and again. Another reflection of the idea that the purer the socialist ownership is, the better, is the stress on the purity and exclusiveness of the ownership forms of different economic units (enterprises). Different ownerships, including the whole-people ownership, collective ownership, and individual ownership, are isolated from each other and are therefore self-closed.

The economic structural reform over the past few years has changed the previous setup of unitary nature of public ownership economy. Individual economy has developed considerably and new combinations have emerged within collective ownership. New economic combinations and enterprise groups involving different ownerships, areas, and departments have been formed in urban and rural areas, and within the urban economy. Thus, the nature of ownership of enterprises has become more and more impure, and whole-people ownership, collective ownership, and individual ownership are no longer isolated from each other as in the past. Different ownerships have begun to infiltrate into and affect each other, and brought about combinations of whole-people ownership with whole-people ownership, collective ownership with collective ownership, whole-people ownership with collective ownership, whole-people ownership with individual ownership, collective ownership with individual ownership, and Chinese capital with foreign capital, thus resulting in various types of "jointly-operated" enterprises. The development of non-public ownership and the mutual infiltrations and ties between different ownerships under the premise of treating the public ownership as the main body have vigorously enlivened urban and rural economic life and changed the idea on the ownership of socialist society. The coexistence and combination of different ownerships under the illumination of the "universal brilliance" of treating public ownership as the main body have given and will further give increasing vitality to the development of socialist economy in contemporary China.

C. Get rid of the old idea that the more combined the ownership and the right of management are, the better,

and establish the new idea that ownership can be separated from the right of management.

There is another traditional idea on the issue of the relationships between ownerships, namely, the economy of public ownership must combine ownership and the right of management, namely, enterprises owned by the state must be operated by the state. Those holding this idea believe that the principle of "separating ownership from the right of management" applies only to the economy of private ownership, not to the economy of public ownership. Since the 3d Plenary Session of the 11th CPC Central Committee, the theoretical circle has gradually gotten rid of the old idea that "ownership and the right of management must be unified." The regulation on economic structural reform adopted at the 3d Plenary Session of the 12th CPC Central Committee clearly put forth the new idea that "ownership and the right of management can be separated properly." This is a key to solving the problem of enlivening enterprises.

In the practice of reform over the past 8 years or so, the transition from "the combination of ownership and the right of management" to the "separation of ownership from the right of management" was first conducted in rural collective ownership. Urban collective-run enterprises and small state-run enterprises have also separated ownership from the right of management in instituting the contracted and leased management. Over the past few years, we have been exploring a way to bringing about "separation of ownership from the right of management" in state-run large and medium-sized enterprises, by adopting such methods as substituting taxes for the delivery of profit and instituting the contracted management responsibility system. Although many theoretical and practical problems need to be studied and solved, the orientation of reform on the switch from the "combination of ownership and the right of management" to the "separation of ownership from the right of management" has been proved correct by practice. This is beneficial to thoroughly solving the problem of enlivening enterprises. Therefore, it should be considered as another major breakthrough in the history of development of China's socialist economic theory.

Getting rid of three old ideas and establishing three new ideas as mentioned above is only a brief summarization of the basic achievement made by China over the past 8 years or so in the theory and practice of the reform of ownership. This also indicates that the reform has enriched and developed the theory on socialist ownership. Of course, many practical problems in the reform of ownership need to be studied continuously and probed into profoundly. The most striking problems among them are the reform of the relationships between ownerships in large and medium-sized state-run enterprises and to the seeking of an appropriate form of separating ownership from the right of management. In this respect, we have in the recent one or two years raised some tentative ideas, such as the contract system, the lease system, the capital management responsibility system, and the stock system, and have carried out pilot

projects in some places and enterprises. In the preceding stage, some comrades treated the contract system, the lease system, and the stock system as private mentality and capitalist things. In fact, they are forms of separating ownership from the right of management, which can be used by capitalism as well as socialism. Provided that the state and collectives control ownership and put an end to the acts that turn large public into small public and turn public into private, it would not cause radical changes in the nature of public ownership.

3. Acknowledging That the Operational Mechanism of the Socialist Economy Is Not Unitary Planning Regulation, but Must Combine Planning and Market [subhead]

Before the 3d Plenary Session of the 11th CPC Central Committee in 1978, a popular view on the operational mechanism of China's economy was: A socialist economy could only be a planned economy; its operation could only be regulated by plans; and market regulation is a capitalist thing. Therefore, we treated planned economy as something against commodity economy, and planning against market. After several years of practice of reform and exploration of economic theories, the resolution adopted at the 3d Plenary Session of the 12th CPC Central Committee on reform of the economic structural reform clearly pointed out: The socialist economy "is a planned commodity economy on the basis of public ownership;" "practicing planned economy and applying the law of value, developing the commodity economy, do not reject each other, but are an entity. So it is wrong to set one against the other." This broke with the rigid views on the relationship between the planned economy and the commodity economy, between planning and market, which have been dominant for a long time, and pointed out that the target of China's economic structural reform should achieve in operational mechanism, namely, combining planning regulation with market regulation in an organic way. This is a step of epoch-making significance taken by China in developing theories on economic reform.

Acknowledging that China's socialist economy is a "planned commodity economy" has three important meanings in theory. First, it distinguishes the socialist economy from the self-supporting natural economy. In other words, it means that in practicing socialism in China, a task of prime importance is to thoroughly get rid of the influence of the ideas on natural economy and to use the idea of socialist commodity economy to triumph over the idea of self-supporting economy and the closed-type natural economy, because the traditional force of the natural economy is a big obstacle to our development of socialist productive forces. Second, it distinguishes the socialist economy from the product economy in future society in which material supply is abundant. Under the present situation in which productive forces are not developed, goods supply is insufficient and planning technology and methods are very backward, we cannot skip the stage of the commodity economy to practice the "product economy." It is also unrealistic to think of practicing the "product economy"

under the circumstance that the natural economy accounts for a large proportion. If we forcibly practice the "product economy," it can only be a kind of concentratedly planned economy with the elements of the supply system of military communism. Third, it distinguishes socialist economy from non-planned commodity economy of capitalist society. Commodity economy can be divided into two types, namely, the anarchist commodity economy and the planned commodity economy. After more than 30 years of development, China's socialist economy has accumulated much experience in planned management, and we should not treat these experiences as rigid things indiscriminately. After improvement, some of them could be useful to the establishment of the commodity economy. We must also learn the experiences of Western countries in developing commodity economy which are suited to China's conditions, but we absolutely cannot copy the Western anarchist commodity economy without making any changes. In short, while developing the commodity economy and making use of the market mechanism, our reform must strengthen planned guidance and macroeconomic control, and build the planned commodity economy with Chinese characteristics.

Putting forth the idea of the "planned commodity economy" and acknowledging that planning and market can be integrated will inevitably give rise to the problem of how to understand planning and market. In understanding planning, we used to have three ideas: 1) Planning can only be mandatory. 2) Planning includes all aspects and details of the national economy, not only macroeconomic control, but also microeconomic control. 3) The main form of planning is to introduce the objective material objective system and to practice direct planned distribution. Along with the reform of China's planning structure, the above three ideas have turned into three new ideas: 1) Planned management does not mean mandatory planning. 2) Planning cannot comprehend everything. Generally, planning should not involve particulars and details of microeconomic activities, but should mainly arrange macroeconomic balance and coordinate microeconomic activities according to the principles of market. 3) In carrying out plans, we need not adopt the planned target system, nor should we mainly rely on the objective material target system. Instead, we should apply economic policies more often and use such economic parameters as price, taxation, interest rates, and exchange rates, to regulate economic activities. Thus, under the new concept of combining planning and market, the meaning of planning has changed and the contents of planning should also be updated gradually.

Under the concept of the "planned commodity economy," the meaning of the market is also changing. In the past, people used to believe that in socialist economy only consumer goods were commodities; in practice, only those commodities supplied without coupons were governed by the law of the market; the means of production were not commodities and could not be put on the market; and the elements of production, such as funds,

technology, real estate, and labor forces, were absolutely excluded from the market. Since the reform was initiated, and along with the expansion of the scope regulated by the market under the guidance of technology, the concept of the market is also gradually expanding. Currently, not only consumer goods, but also the means of production are acknowledged as commodities, and more and more of them have now entered the market. Not only has the market of goods been acknowledged as commodities, but it has also been acknowledged that the production elements, such as funds, technology, labor forces, and real estate, can form a market. Although many problems need to be discussed on restriction on the nature and scope of the market of various production elements, putting forth the new idea of building the socialist market system including the market of commodities and the market of production elements, is undoubtedly an important development in the theory on socialist economy.

Another important theoretical problem in the relationship between planning and the market is the target pattern of the combination of the two and the transition from one to the other. Over the past few years, the economic circle has put forth several patterns about the combination of planning and the market. The first pattern is the "board and block-type combination," namely, besides the original overall planning, there is market regulation beyond "planning." The second pattern is the "infiltration-type combination," namely, the two parallel parts in the above pattern, planning and the market, infiltrate into each other. The part of planning regulation should take into consideration the demand of the law of value, while the part of market regulation should be guided and restricted by macroeconomic planning. The third pattern is the "glued-type combination." It means that planning and the market are no longer two parallel parts regulating different parts of the national economy, but combine into one in an organic way to regulate the operation of the national economy at different levels. Planning mainly regulates macroeconomic activities, while the market mainly regulates microeconomic activities. But macroeconomic balance must be based on the trend of changes in supply and demand on the market, and microeconomic activities must be guided by macroeconomic planning. All these patterns of combining planning and the market are objectives of selection rejecting each other rather than developmental stages linking up each other. In other words, they usually develop from the overall planning pattern to the "board and block-type combination" in the initial stage of reform, then to the infiltration and overlapping of the two parts in the stage of in-depth development of reform, and finally to the organic combination of planning and the market in the whole economic field. China's reform is now in the transition period from the second to the third stage. This is of course a very simple abstract description, and the real process will be far more complicated. Exploring a channel for switching China's economic operational mechanism and designing a theoretical pattern of planned commodity economy is still an important task in studying the Marxist economic theory in current China.

4. Get Rid of the Traditional Idea That Equates Socialism With Egalitarianism, Explore a Pattern of Distribution of Income That Combines Distribution According to Work With Commodity Economy [subhead]

In the past, we added many things to socialism due to our misunderstanding of socialism. One of the added things is equalitarianism. The idea and policy of equalitarianism became rampant twice, during the "Great Leap Forward" and the "Cultural Revolution." Egalitarianism directly binds laborer' enthusiasm and obstructs people from making progress. So the passive influence caused by egalitarianism on China's economic development is much more serious than that caused by other rigid traditional ideas.

Marxism opposes egalitarianism but does not oppose equality. The equality referred to by Marxists does not mean an abstract equality, nor the egalitarianism in distribution of income, but means elimination of classes and exploitation. The cause for the existence of exploiting classes lies in private ownership of the means of production. Socialism uses public ownership of the means of production to gradually replace the private ownership of the means of production, eliminates the system of exploitation, and practices the principle of distribution according to work in the field of distribution of income, thus creating conditions for people to achieve equality in face of labor. Here, "equality means the measurement by the same yardstick—labor." (from "Selected Works of Marx and Engels", Vol 3, p 11) Meanwhile, distribution according to work acknowledges gaps in work ability and contributions of different individuals, and gaps in people's income and remuneration from labor. So distribution according to work and egalitarianism have nothing in common. Socialism calls for developing the social productive forces, but egalitarianism hinders the development of productive forces. So they reject instead of accommodate each other. In fact this is not a new theory on reform, but a reclarification of the distorted truth of Marxism.

The 3d Plenary Session of the 11th CPC Central Committee put forth the general policy of allowing some people to become rich first based on the objective of common prosperity. Implementing this policy can not only carry out the principle of distribution according to work, but also has something to do with devtbpoping the commodity economy. The principle of distribution according to work acknowledges the gap in people's labor and income. However, the gaps in people's labor is after all limited, so if we want to allow some people to become rich first, we must, while upholding the socialist principle of distribution according to work, adopt some supplementary forms and mechanism of distribution, and establish a setup with distribution according to work as the main form supplemented by coexistence of various distribution forms. This is precisely the setup created by the socialist commodity economy in the distribution system. The existence of the socialist commodity economy not only makes distribution according to work take the form of the commodity money, that is, to achieve the

target of distribution through exchange on the market, but also provides other supplementary forms of distribution not according to work or not totally according to work. This setup of distribution of income with distribution according to work as the main form supplemented by coexistence of various distribution forms is suited to the setup with the public ownership as the main form supplemented by coexistence of various ownership and management forms. All these are objective basis for the general policy of allowing some people to become rich first based on the objective of common prosperity.

As seen from the current situation, individual incomes in China's socialist society can be divided into the following main categories: 1) Incomes from labor, including workers' wages and rural contractors and individual laborers' income from their labor. 2) Incomes from business operation, including various individual incomes related to business operation. In a certain sense, the operators' income is also a kind of income from labor. However, the size of business operation does not totally depend on the amount of labor given in business operation. The income from business operation includes some opportunity income and risk income, so distribution principle other than distribution according to work plays its role. 3) Incomes from funds and assets, including individual income of interest, dividends, bonus, and rental from money saving, granting loans, stocks, the operation of assets, and rent. The income from assets also includes some differential income resulting from the difference between the quality and geological position of the assets. That income from funds and assets does not belong to income from labor and is also decided by the distribution principles other than distribution according to work. In the final analysis, these distribution principles other than distribution according to work are decided by the principle of equal exchange of commodity economy. Just as we allow existence and development of non-socialist ownerships among various ownerships provided that they are beneficial to the development of socialist social productive forces and unharmful to the dominant position of public ownership, we must also allow existence of some incomes that are not distributed according to the principle of distribution according to work but are decided by the rule of commodity production, provided that they are beneficial to the development of socialist social productive forces and do not change the dominant position of distribution according to work. At present, as far as individuals' income from assets is concerned, under the condition of public ownership of land, rural basic facilities, all large and medium-sized enterprises and most small enterprises in cities, the means of production possessed by individuals only account for a small proportion, and income distributed not according to work will not become the main income form. Under the present conditions, as long as this part of individual assets is gained through labor, allowing it to obtain a certain amount of income through individual business operation and competition on the market is beneficial to the development of social productive forces and will not harm the economy of public ownership. If

we restrict this part of individual assets to obtain income, then the owners will turn it into individual consumption, causing invisible losses to society in the end. Likewise, we must also adopt a realistic attitude toward the income of interest and bonus of individuals from saving money, lending money (such as buying bonds), and becoming shareholders (such as buying shares). We absolutely cannot equate all these with capitalism. Especially when people's income increases and they become rich, we must actively adopt the policy of using their funds, encourage them to save money, and urge them to turn individual income into investment and turn consumption funds into accumulated funds. This is beneficial to controlling the expansion of consumption demands, to developing production, and to increasing supply. As for individuals' income from business operation, the operators ought to receive better remuneration for their complicated labor. This belongs to the category of distribution according to work. Even the opportunity income and risk income are also very necessary to stimulating the operators to bear the risk of competition on the market, to upgrading the level of decision-making in business operation, to improving business management, and to bringing up a large number of socialist entrepreneurs to meet the needs of the development of commodity economy. In short, in socialist commodity economy, we cannot seek unitary form of distribution according to work, but must allow the existence of distribution not according to work within a certain scope and at a certain degree. Reform has broken with the previous unitary form of distribution according to work in name, and established a setup with distribution according to work as the main form supplemented by coexistence of various distribution forms. It can be said that we have basically found a distribution form suited to the development of commodity economy in the initial stage of China's socialism and this is an important development in the field of distribution in the practice of theory of China's reform. However, we must notice that in China, the commodity economy is underdeveloped and the management system is unsound at present. Under the condition of coexistence of the new and old systems, prices have been distorted and there are many loopholes. As for unreasonable gaps in people's income resulting from this, it is necessary to adopt economic, legal, and administrative measures to regulate them. In particular, it is necessary to set up and perfect the progressive income tax system to regulate them. While encouraging some people to become rich first, we must avoid the tendency of polarization of people's income and must gradually attain the target of common prosperity on the basis of developing social productive forces.

I have expounded in the above four aspects some progress made by China's economic structural reform in theoretical field and the existing problems. The theoretical and ideological causes for the previous rigid structure before the reform resulted to a large extent from the misunderstanding of socialism and capitalism. We added to socialism some non-socialist things (such as the

excessively concentrated system) and treated as capitalist stuff some non-capitalist things that are very common in socialized mass production and commodity economy. If we want to develop Marxism in the practice of reform, an important task for us is to bring in some things that are not peculiar to capitalism, but are common in socialized mass production and commodity economy and can be integrated with socialism, and to discard some things that have been artificially added to socialism and have been proved harmful in practice.

Stable Prices Needed for Further Reform
*OW220914 Beijing XINHUA in English 0848 GMT
22 Sep 87*

[Text] Beijing, September 22 (XINHUA)—The key to adopting further reform measures in the fourth quarter and even next year lies in keeping prices stable, says *Economic Daily* in a frontpage short commentary today.

Sharp price rises in production materials and consumer goods have not only affected the further improvement in the living standards of the people but also caused difficulties in pushing the introduction of enterprise contract responsibility system and in producing further reform measures, the commentary says.

The basic cause for price hikes is the inflated demand of social investment and consumption, resulting in a failure of social supply to meet social demand, which has been running for several years and becoming more outstanding this year.

The paper suggests tightening the financial and monetary policies while pushing vigorously the drive for increased output and revenue in order to improve the total social supply.

The stringent financial policies suggested include controlling the issue of currency, tightening the hand-out of loans, reducing financial deficit by issuing treasury bonds, keeping the retail price index at 60 percent, expanding exports to increase foreign exchange reserves, keeping the industrial and agricultural growth at a proper rate and increasing the income of peasants and workers by developing production instead of by raising prices.

Attainment of the objective of keeping prices stable requires the unified thinking and concerted efforts of the party and the people throughout the country, the paper says.

If China can stabilize retail prices and eliminate inflation within two to three years, the paper asserts, it will create an environment for a balanced and steady development of the national economy.

Report on Progress in Rural Economy
*HK211030 Beijing JINGJI CANKAO in Chinese
10 Sep 87 p 4*

["China's Rural Economy Makes Innovative Progress—Extracts from the State Statistics Bureau's Statistical Report No 25"—boldface passages as published]

[Text] Since the 3d Plenary Session of the 11th CPC Central Committee, with the start of China's economic structural reform from the countryside, a system of contracted responsibilities on the household basis with payment linked to output has been universally applied, and the state has increased by a wide margin and gradually relaxed restrictions on the purchase prices of farm and sideline products, thus fully arousing the peasants' enthusiasm for production and accelerating the development of productive forces.

The Rural Economy Has Grown in an All-Round and Rapid Way [subhead]

In 1986 total rural product of society came to 755.4 billion yuan, in which the gross output value of agriculture (not including industries run by villages and units under the village level) amounted to 401.3 billion yuan; that of the rural industry, 213.81 billion yuan; that of the rural building sector, 59.2 billion yuan; that of the rural transport sector, 24.5 billion yuan; and that of the rural commerce, 32.3 billion yuan. Total rural product of society is calculated according to comparable prices. Compared with 1978, total rural product of society in 1986 increased by 170 percent or an average annual growth rate of 13.2 percent. Thanks to the rural economic reforms, China's rural economy has entered a stage of overall high development.

1. Agriculture, forestry, animal husbandry, sideline occupation, and fishery have prospered. Compared with 1978, in 1986 the gross output value of agriculture, calculated according to comparable prices, went up by 67.1 percent, an average annual increase of 6.6 percent or far surpassing the average annual increase of 2.6 percent in the previous 26 years. This meant an end to the longstanding situation in which agricultural production developed slowly. The output value of the farming industry increased by 46.5 percent; that of forestry, 70 percent; that of animal husbandry, 110 percent; that of sideline production, 230 percent; and that of fishery, 120 percent.

2. Output of major farm produce has increased by a wide margin. In 1984 the output of grain and cotton separately hit record highs. In the last 2 years, due to natural disasters and structural readjustments, grain and cotton output dropped considerably. However, compared with 1978, grain and cotton output still increased by 28.5 percent and 63.1 percent respectively.

	Output of Major Farm Produce			Increases in 8 years (r)
	Unit: 10,000 tons			
	1978	1984	1986	
Grain	30477	40731	39151	28.5
Cotton	217	626	354	63.1
Oil-bearing crops	522	1191	1474	180.0
Sugar crops	2382	4780	5853	150.0
Jute.				

Output of Major Farm Produce
Unit: 10,000 tons

	1978	1984	1986	Increases
Ambry hemp	135	445	193	43.0
Tobacco	124	243	171	37.9
Fruit	657	985	1348	110.0
Pork, beef, mutton	856	1541	1917	120.0
Aquatic products	466	619	824	76.8

Note: indicates 1985 figures.

3. Rural non-agricultural production has expanded rapidly. In 1986 the gross output value of rural non-agricultural production, such as the rural industry, construction, transport, and commerce, reached 354.1 billion yuan, nearly 400 percent higher than 1978 in terms of comparable prices or an average annual increase of 22 percent.

There Have Been Gratifying Changes in the Rural Economic Structure [subhead]

In the past, our rural economic structure was excessively mono-cultured and one-dimensional, with funds and workforce input concentrated on cultivated land and grain production, thus restricting the development and utilization of diverse rural resources and resulting in failure to bring an upswing in grain production and agricultural production at large. With the introduction of the system of contracted responsibilities on the household basis, with payment linked to output and through readjustments, there have been gratifying changes in the rural economic structure.

1. The proportion of the industrial crops has increased. In 1986 the area of land sown with grain crops was readjusted from 1.809 billion mu in 1978 to 1.664 billion mu and its proportion in the total area under crop cultivation was reduced from 80.3 percent to 76.9 percent; the area of land sown with industrial crops was increased from 217 million mu to 304 million mu and its proportion in the total area under crop cultivation increased from 9.6 percent to 14.1 percent. With the readjustment of the area under crop cultivation, there has been a change in the output value of crop cultivation. In 1986, in crop cultivation, the ratio of the output value of grain crops dropped from 76.7 percent in 1978 to 63.3 percent, while the output value of industrial crops increased from 11.9 percent to 17.9 percent and that of the other crops, such as fruit and vegetables, also jumped from 11.4 percent to 18.8 percent.

2. The consistent weak position of forestry, animal husbandry, sideline occupation, and fishery has been strengthened. In the total output value of agricultural production, the proportion of the output value of forestry, animal husbandry, sideline occupation, and fishery climbed from 23.3 percent in 1978 to 37.8 percent in 1986; of which the output value of forestry was up from

3.4 percent to 5 percent; that of animal husbandry, from 15 percent to 21.8 percent; that of sideline production, from 3.3 percent to 6.9 percent; and that of fishery, from 1.6 percent to 4.1 percent.

3. The proportion of non-agricultural production has risen. In 1986 the proportion of the output value of rural industry, construction, transport, and commerce in total rural product of society increased to 46.9 percent, from 31.4 percent in 1978. Compared with 1978, in 1986 the percentage of total rural product of society in the nation's total product of society went up from 29.8 percent to 39.8 percent.

Economic Results Have Been Raised Universally [subhead]

1. Labor productivity has increased. In 1986 the total rural output value of society created on the average by every farm hand came to 1979 yuan, 120 percent higher than in 1978 in terms of comparable prices; and the total rural agricultural output value created by every farm hand amounted to 1,292 yuan, an increase of 51.7 percent over 1978.

Average Per Farm Worker Output of Major Farm Produce
(Kilograms)

	1978	1986	Increases in 1986 over 1978 (r)
Grain	1081	1261	16.7
Cotton	7.7	11.4	48.1
Oil-bearing crops	18.5	47.5	160.0
Pork, beef, mutton	30.4	61.7	100.0
Aquatic products	16.5	26.5	60.1

2. Productivity of cultivated land has increased. In 1986 the average yearly output value of per mu of cultivated land was 173 yuan, an increase of 51.7 percent from 1978 as calculated according to comparable prices. Calculated according to the area under crop cultivation, in 1986 the per-mu yield of grain was 235 kilograms, up 39.1 percent over 1978; that of cotton, 55 kilograms, up 83.3 percent; and that of oil-bearing crops, 86 kilograms, up 53.6 percent.

3. The commodity rate of farm and sideline products has increased. In 1986 the total volume of farm and sideline products purchased from society amounted to 199 billion yuan, 143.2 billion more than in 1978 or an average annual increase of 17.9 billion yuan; after price rises were factored in, it increased by 100 percent against 1978, an average yearly growth of 9.1 percent. The commodity rate of farm and sideline products rose from 45.2 percent in 1978 to 58 percent. The proportion of grain purchased in grain production increased from 20.3 percent to 34.4 percent; that of cotton, from 94.3 percent to 97.5 percent; and that of edible vegetable oil, from 55.9 percent to 72.5 percent.

The Role of Agriculture as the Foundation Has Been Strengthened [subhead]

1. Agriculture has provided the market with more supplies of goods. Compared with 1978, in 1986, in society's total volume of retail sales of consumer goods, the volume of retail sales of such consumer goods as foods and clothing which use farm and sideline products as the main raw materials, increased by 217.8 billion yuan, up 140 percent after taking price fluctuations into account or an average annual increase of 11.4 percent.

2. Agriculture has provided industry with more raw materials. In 1986 the output value of light industry using farm and sideline products as raw materials was 322.5 billion yuan, 140 percent more than in 1978, calculated according to comparable prices or an average increase of 11.5 percent a year.

3. Agriculture has created more foreign exchange for the state. With the development of an export-oriented agriculture capable of earning foreign exchange, there has been an increase in the export volume of farm and sideline products and their processed products. In 1986 the volume of such exports amounted to \$13.67 billion, 7.56 billion more than in 1978.

4. Agriculture has created conditions for its own development. In 1986 the average net income of every peasant was 424 yuan, a jump of 290 yuan over 135 yuan in 1978. In the same year, the peasant households had 574,000 large and medium-size tractors for farm use, constituting 66.3 percent the nation's year-end amount of such tractors; 4,164,000 small (hand-held) tractors, accounting for 92 percent; 318,000 trucks for farm use, comprising 63.7 percent; and 3,626,000 motor-powered machines for irrigation and drainage use, making up 55.7 percent. The year-end balance of the peasant households' savings deposits came to 76.61 billion yuan, an increase of 71.04 billion yuan over 5.57 billion in 1978, or an average yearly gain of 88.8 percent.

In the last 8 years, the rural economic structural reform has made achievements that attracted world attention. However, there are still some destabilizing factors on the road of reform and development, of which the outstanding one is inadequate capacity for continued agricultural development. First of all, the area of cultivated land is diminishing year by year. During the 8 years between 1978 and 1986, the cultivated land decreased by more than 47 million mu at an average annual rate of nearly 6 million mu. Moreover, the trend was expanding. The

current average per-capita cultivated land is less than 1.4 mu. Therefore, room for crop cultivation readjustments is getting smaller and smaller. Second, infrastructures in agricultural production are weak. There was a net reduction of 12.78 million mu or more in effective irrigated land during the Sixth 5-Year Plan alone. Third, in some localities, soil erosion is serious, soil fertility and forest cover are on the decline, environmental pollution is getting more serious, and the benign circle of ecological agriculture is gradually being undermined. Fourth, the input of materials, technology, and funds in agricultural production is inadequate. Currently, there is a relatively short supply in farm capital goods, which can hardly be met in a considerably long time to come. Fifth, for a time in the past, the role of agricultural policies and the increased purchasing prices of farm produce was gradually weakening, the relative efficiency of crop cultivation dropped, the peasants' enthusiasm for planting grain crops was on the decline, resulting in an inadequately steady development in agricultural production. The growth rate of agricultural production in 1985 and 1986 was about 3.4 percent each year and agricultural production again developed haltingly at low speed.

To solve this outstanding problem, to consolidate and develop the achievements made in the rural economy, and to strengthen the position of agriculture as the foundation of the national economy, first, it is necessary to take agriculture seriously from the height of development strategy and consistently place the sustained and steady development of agriculture in the first position. Second, it is essential to take feasible and effective measures to support agricultural production. On the one hand, the state should increase investment in agriculture, with the stress on construction of water conservancy works and improvement of production conditions; and on the other, agricultural policies should be stabilized to create a social environment for the peasants to increase investment in agricultural production and to lead the funds in the hands of the peasants in productive investment to make agriculture better able to expand reproduction. Third, it is imperative to further reform the system of unified and fixed state purchases of farm produce, to institute and perfect the farm produce price system, and to straighten things out in circulation channels. Fourth, vigorous efforts should be made to spread the extensive use of modern agricultural science and technology, to tap potentials in agricultural production, and to continuously raise the level of agricultural production.

East Region

Fujian's Chen Guangyi at CYL Congress *OW222214 Fuzhou Fujian Provincial Service in Mandarin 1100 GMT 20 Sep 87*

[Text] The Eighth Fujian Provincial CYL Congress opened in Fuzhou this morning. The main purpose of this congress is to study earnestly the party's line, principles, and policies since the 3d Plenary Session of the 11th CPC Central Committee, to deepen the understanding of the two basic points, to review and sum up the work of the provincial CYL since its seventh congress, to clarify the tasks for our provincial CYL hereafter, to elect the eighth provincial CYL Committee and the representatives to attend the 12th National CYL Congress, and to mobilize CYL members throughout the province to persist in the correct political direction, participate positively in the reforms and construction of our province, and dedicate themselves to the construction of socialism with Chinese characteristics. The opening ceremony was officiated over by (Qian Shaoyou). Jing Fusheng delivered the opening speech. Chen Guangyi, secretary of the provincial party committee, attended the opening ceremony and spoke.

He said: Ever since we started reform and opening to the outside world 8 years ago, the economic construction of our province has entered one of the best periods since the founding of our country. During this period of advancement, provincial CYL organizations at all levels and the vast number of CYL members and other young people have played an important role and made many outstanding contributions. Particularly since the seventh provincial CYL congress, CYL organizations at all levels have seriously implemented the party's principles, policies, and plans and energetically launched various fields of works suitable for young people, thereby promoting the development of spiritual civilization in urban and rural areas. The construction of our provincial CYL has also been further strengthened during the process of reforms and opening to the outside world.

Chen Guangyi said: The vast number of league members and other young people should take the initiative in upholding the leadership of the party, unite tightly around the party, and serve as models in implementing the party's line, principles, and policies. They must regard the vitalization of China and development of Fujian as their duty and stand resolutely at the forefront of reforms and the four modernizations drive. The vast number of league members and young people must study hard in order to become a generation of new people who have the four qualities. CYL organizations at all levels must strive to improve themselves and increase their vitality in order to be more effective in the construction of the two civilizations.

Provincial leaders who attended the opening ceremony and sat on the rostrum included Jia Qinglin, Zhang Yumin, Gao Hu, Zhang Zongde, Hu Hong, Cheng Xu, Liu Yongye, Chen Mingyi, Xu Jimei, Lin Zhaoshu, and

Comrades Wu Hongxiang and Jia Jiumin. Representatives from the provincial party committee's Organization and Propaganda Departments and from other relevant mass organizations offered their greetings at the congress. The CYL Central Committee cabled its greetings to the congress.

Jiangsu's Han Peixian at Memorial Service *OW221355 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 21 Sep 87*

[Excerpt] Comrade (Wang Yexiang), former deputy secretary of the party committee of Nanjing Aviation College and its vice president, died of cancer in Nanjing City on 13 September 1987 at the age of 76. A memorial service for him was held at the Nanjing (Shizhigang) funeral parlor on the afternoon of 21 September.

The Ministry of Aeronautics, Jiangsu provincial party committee, provincial Advisory Commission, Standing Committee of the provincial People's Congress, provincial CPPCC Committee, provincial Discipline Inspection Commission, Nanjing City party committee, Nantong City party committee, Nanjing Aviation College, Zhejiang provincial party committee, Fuyang County party committee of Zhejiang Province, and other units sent wreaths. Chen Pixian, Peng Chong, Chi Pengfei, Hui Yuyu, Xu Jiatun, Han Nianlong, and others either sent their wreaths or cabled their condolences.

The memorial service was officiated by Comrade Zhou Yifeng, and Comrade Liu Lin read the eulogy. Those who attended the memorial service included Xiao Wangdong, Han Peixin, Qian Zhonghan, Guan Wenwei, Bao Houchang, (Xiao Youpeng), Zhou Ze, (Ye Zewang), Gu Hao, and other leading comrades, as well as friends and representatives from the medical staff, totaling more than 500 people. [passage omitted]

Jiangsu's Gu Xiulian Briefs CPPCC *OW220321 Nanjing Jiangsu Provincial Service in Mandarin 2300 GMT 20 Sep 87*

[Text] The 22d Meeting of the 5th Jiangsu Provincial CPPCC Committee Standing Committee opened in Nanjing on 20 September. Chairman Qian Zhonghan presided over the meeting, which was attended by Vice Chairmen Luo Yunlai, Ding Guangxun, Deng Haoming, Gao Juefu, Chen Minzhi, Cheng Bingwen, and Cheng Zhonglie.

The purposes of the meeting are to hear and discuss Governor Gu Xiulian's briefing on the provincial economy, transmit and study the guidelines of the national conference of local political consultative conferences, hear a briefing on the work of the provincial government, and review its handling of the motions since the fifth session of the fifth provincial CPPCC Committee, and map out future plans.

In her briefing on the provincial economy since the beginning of this year, Governor Gu Xiulian said: Implementing the instruction of the party Central Committee

and the State Council on doing the two major tasks well, we have conducted education, by positive examples, on the four cardinal principles in the political and ideological field, and correctly implemented, in the economic field, the line, principles, and policies pursued by the party since the 3d Plenary Session of its 11th Central Committee to develop productive forces, thereby maintaining a stable and sustained growth of the provincial economy. Despite unusual weather conditions, we have reaped a bumper summer grain harvest, with the total output reaching 11.54 million metric tons, which is the third highest in history. The aggregated industrial output value has amounted to 75,856 million yuan, an increase of 23.1 percent over the same period last year. Reforms are being intensified in the economic, science, and technology management fields, and educational systems. Moreover, we have strived to develop an export-oriented economy. Exports in the first 8 months totalled \$1.47 billion, a rise of more than 20 percent over the same period last year.

After reviewing the work since the beginning of this year, Governor Gu Xiulian also discussed problems in the economic work and explained the provincial government's plans for the work in the last quarter of this year.

Shandong Grain Production Development

*SK221204 Jinan Shandong Provincial Service
in Mandarin 2300 GMT 21 Sep 87*

[Text] Over the past 8 years and more since reform started, the province's grain fields have declined by 8.38 million mu, but its annual grain output rose from 22.9 billion kg in 1978 to 32.5 kg last year, averaging an annual increase of 1.2 billion kg. The province has gone from being the country's third largest grain producer to its second. Last year the province purchased 7.88 billion kg of grain, an increase of 130 percent over 1978, and the commodity grain rate rose from 15 to 24.2 percent. The northern and western parts of the province which relied on the state's unified marketing of grain for a long time have become our province's largest marketable grain producing base over the past few years. Last year the peasants' per-capita amount of grain was 480 kg, 116 kg more than in 1980. Notable changes have also taken place in the grain structure over the past few years. The percentage of wheat and rice in the grain ration of peasants has increased from 35 to more than 80, signifying a change from coarse grain and merely adequate food to wheat and rice, and better food.

Shanghai's Rui Xingwen on Student Unrest

*OW230123 Shanghai JIEFANG RIBAO in Chinese
18 Sep 87 p 1*

[Excerpt] Rui Xingwen, secretary of the Shanghai municipal party committee, called on Fudan University on the morning of 17 September to attend a forum together with some 20 teachers and students of the school.

Speaking at the forum, which began at 0900 in the university conference room, Comrade Rui Xingwen said: "I am calling on you at the beginning of the new

school year to extend warm regards to all teachers and students; to wish you successes in study and work and good health; and to hold a heart-to-heart talk with you." During the ensuing heated discussion, a student complained about some circles in the community distrusting young students. Rui Xingwen replied in all eagerness: The party has consistently regarded its youth as the future of the country and the successors of our cause. The party's stand regarding youth will not change. It is not unusual for college students to make errors of one kind or another. The student unrest last year should be correctly assessed. It is necessary to point out that there were indeed a handful of instigators who wanted to negate the party's leadership and practice bourgeois liberalization. However, we have never tried to hold any student responsible for the incident in the hope that students will earnestly draw a lesson from it. There are no innate Marxists; they must come through practice. My generation made errors of one kind or another when we were young, but we have arrived where we are by continuously overcoming shortcomings and errors. The future belongs to you. As we are still in the initial stage of socialism and have just embarked on the road of building socialism with Chinese characteristics, we need you to accomplish the task we have begun. It is precisely because of the heavy task on your shoulders that the party and the people place high hopes and set strict demands on you, hoping that you will temper yourselves to become competent in building socialism with Chinese characteristics.

In response to a student's question about the upcoming 13th CPC National Congress, Rui Xingwen said: This is an event of great concern for all people at home and abroad. After the 13th National Congress, the party's line, principles, and policies will remain unchanged. The party Central Committee's basic line and policies have been consistent. The 13th National Congress will once again confirm the line, principles, and policies pursued by the party since the 3d Plenary Session of its 11th Central Committee, continuing to focus on economic construction, upholding the four cardinal principles, and persisting in reforms and opening to the outside world. In order to build socialism with Chinese characteristics, these policies will not change, and the reforms will be accelerated and the country opened even wider. [passage omitted]

Rui Xingwen Visits Space Survey Vessel

*OW222319 Shanghai JIEFANG RIBAO in Chinese
18 Sep 87 p 1*

[Excerpts] Rui Xingwen, secretary of the Shanghai Municipal CPC Committee; Wang Liping, member of the Standing Committee of the municipal party committee and secretary general of the party committee; Liu Zhenyuan, vice mayor of Shanghai; and other comrades yesterday afternoon visited the *Yuanwang*, an ocean-going space survey vessel undergoing technical innovation at the Jiangnan shipyard. The Shanghai leaders were accorded a warm welcome by leaders and officers and soldiers at the Ocean-Going Space Survey Base of the

Commission in Charge of Science, Technology, and Industry for National Defense.

[Passage omitted] A few days ago Wang Chuanyou, Deputy political commissar of the Shanghai Garrison District; Liu Xingwen, commander of the Shanghai Naval Base; Liu Qingyoung, base political commissar; Chief of Staff An Wenting; Zhang Ming, director of the Political Department of the naval base; and other military leaders had visited the *Yuanwang*. They praised the vessel's officers and men for their devotion to developing science and technology for national defense.

Central-South Region

Hainan Prefectural CPC Congress Closes

HK230735 Haikou Hainan Island Service in Mandarin
1100 GMT 21 Sep 87

[Excerpts] The 4-day Third Hainan Li-Miao Autonomous Prefectural CPC Congress concluded victoriously in Tongzha on 20 September.

The delegates listened, examined, and unanimously approved a work report given by the Second Hainan Li-Miao Autonomous Prefectural CPC Committee; a work report given by the autonomous prefectural Discipline Inspection Commission; and programs for building socialist spiritual civilization in the autonomous prefecture. They also democratically elected the Third Hainan Li-Miao Autonomous Prefectural CPC Committee and its Discipline Inspection Commission.

The congress called on all party members and people of various nationalities in the autonomous prefecture to unite closely around the CPC Central Committee; to uphold the four cardinal principles; to adhere to the policy of reform, opening up, and invigoration; and to make greater contributions to building the autonomous prefecture into a civilized, prosperous, and rich one. [passage omitted]

By secret ballot, the delegates elected 29 members and 5 alternate members of the Third Hainan Li-Miao Autonomous Prefectural CPC Committee and 19 members of its Discipline Inspection Commission. Then the members of the autonomous prefectural party committee and the Discipline Inspection Commission respectively held their first plenary sessions to elect the Standing Committee members, secretaries, deputy secretaries of the autonomous prefectural party committee, and Discipline Inspection Commission.

Dong Fanyuan, deputy secretary of the Hainan Regional CPC Committee, and [name indistinct], director of the Organization Department of the Hainan Regional CPC Committee, attended the congress to extend their congratulations.

Henan's Yang Xizong Stresses Work Policies

HK230243 Zhengzhou Henan Provincial Service
in Mandarin 2300 GMT 22 Sep 87

[Text] A provincial rural work conference opened in Zhengzhou on 22 September. Provincial party committee Secretary Yang Xizong spoke on further implementing the spirit of this year's central Document No 5 and perfecting 2-level management and the service setup in the rural areas. He called on the cadres at all levels to tangibly improve their work style, tell the truth, brace their spirits, and do practical deeds to press forward rural reforms to a new stage. They should further speed up the development of the rural economy.

Cheng Weigao, deputy secretary of the provincial party committee and acting governor, presided at the conference.

Yang Xizong said that perfecting 2-level management and the service setup is a current urgent task in deepening the rural reforms. He said that the contract responsibility system with payment linked to output based on the household suits the demands of developing the rural productive forces and must be kept stable for a long time. However, viewed in the light of further developing rural commodity economy, this system does indeed have a number of shortcomings. Many things can hardly be dealt with by one household acting by itself. The peasants say that to get rich, it is necessary to find outlets, and to engage in production, it is necessary to have service; in the past we followed contracts for each household, now we need services provided. By perfecting 2-level management and the service setup and making up for the deficiencies of household management, we will enable the contract responsibility system with payment linked to output, based on the household, to release still more energy and promote the development of agricultural production and rural commodity economy. At the same time, perfecting these two things is an important way of consolidating and developing township and village cooperative economy, and is an expression in concrete form of grass-roots cadres' service for the masses.

On the main tasks facing the province in perfecting these two things, Yang Xizong pointed out that it is first necessary to further perfect the contract management responsibility system with payment linked to output, based on the household. Second, we must establish and perfect the contract system and strengthen management over contracting of all types. Through these measures, we should harmonize the various relationships within the collective economy and ensure that the peasants will have a feeling of stability regarding the party policies.

In perfecting the rural service setup, we should regard the area cooperative economic organizations and the various township service centers as the main components in establishing multi-component and multi-level service networks. The township-level service centers must reform their old leadership structure. The question of management powers over personnel, finances, and materials should be handled according to the actual local

conditions. In some cases, they can be delegated to the townships, and in others, dual leadership can be exercised by the upper-level departments in charge and the townships, with the emphasis on the latter.

We should follow the path of integrating service with management and raise capital ourselves to set up economic entities to handle agricultural production materials and agrotechnical commodities. Such entities can be exempt from tax for 5 years. The final-stage processing of agricultural and sideline products can be dealt with in the same way as that done by the township and town enterprises. We should introduce the competitive mechanism, to ensure a flow of able hands of all types. Service organizations of all types should provide services. Their fundamental aim is to provide services, and they must not regard making a profit as their sole aim.

These entities must integrate their own economic returns with social economic returns and ensure good quality and results of the services they provide.

Proceeding from the demand for developing rural commodity economy, we should gradually establish an open-style rural market system including markets for agricultural products, production materials, labor, technology, and capital.

Yang Xizong said that at this time, some places rely mainly on contributions from the peasants in providing agricultural services. Such a method can only be transitional. The most fundamental way to do the work is to vigorously develop the township and town enterprises. With these enterprises developed and the collective economy strengthened, there will be a stable material basis for providing services for the households.

In light of the new conditions, the provincial party committee and government have obtained a clearer picture of the guiding principle for developing the province's township and town enterprises. This is, to further speed up the development of these enterprises by acting according to local conditions and providing appropriate guidance in view of the differences between areas, trades, and economic and technological standards, vigorously developing enterprises run by households or combinations of households, and vigorously organizing township and village collective enterprises.

The party committees and government at all levels must further eliminate the influence of leftist thinking and be skilled at discovering, actively supporting, and enthusiastically encouraging peasant entrepreneurs, so that they can play a leading role in developing rural commodity economy and a illustrative role in developing the township and town enterprises.

The tasks of rural economic construction and of deepening the reforms are very arduous. Comrade Yang Xizong called on the cadres at all levels to practice a strict responsibility system for targets to be reached during their term of office. The upper-level leading organs must

periodically check on the implementation of this system and integrate the results of the check with the examination, promotion, and employment of the cadres. We must resolutely eliminate the defect of treating people the same whether they work well or badly.

The departments must actively implement the decisions of the provincial party committee and government. They are not allowed simply to go their own way or to apply their own departmental documents to negate the documents of the provincial party committee and government.

This 5-day conference convened by the provincial party committee and government will also make arrangements for agricultural water conservancy construction in the coming winter and spring, the development of township and town enterprises, and other work. Some 400 people including responsible persons from all prefectures, cities, counties, and provincial organs are attending the meeting.

Southwest Region

Yunnan Secretary at CPPCC Conference

HK230755 Kunming Yunnan Provincial Service
in Mandarin 1000 GMT 21 Sep 87

[Excerpts] A provincial CPPCC work conference opened in Kunming this morning. Provincial party committee Secretary Pu Zhaochu attended and spoke.

The work conference was the third one since the provincial CPPCC committee resumed its work and the first one since the last CPPCC congresses at city and county levels.

Liang Jia, chairman of the provincial CPPCC Committee, first delivered a speech at this morning's session. [passage omitted]

In his speech Pu Chaozhu, secretary of the provincial party committee, said: The provincial party committee believes that it is absolutely necessary to hold a provincial CPPCC work conference annually to discuss ways to properly carry out CPPCC work under the new situation and that this should become a system. He then spoke of three problems: 1) the current situation; 2) the party's general line in the initial stage of socialism; and 3) further understanding the role and position of CPPCC committees and strengthening leadership over CPPCC work. [passage omitted]

North Region

Daxinganling Fire Rehabilitation Completed

OW230429 Beijing XINHUA Domestic Service
in Chinese 1520 GMT 22 Sep 87

[By reporter Zhang Yinshu]

[Excerpts] Beijing, 22 Sep (XINHUA)—Work to rehabilitate production and rebuild houses in the wake of the forest fire in Daxinganling has been triumphantly completed. By 15 September, some 35,000 workers, after

fighting together for over 100 days and nights, had built various kinds of houses totalling 370,000 square meters over the destruction left by the fire, including 333,000 sq meters of living quarters. The 56,000 fire victims will soon move into brand new brick houses. School, business, grain storage, banking, and postal facilities have been repaired, and work has resumed. Roads, bridges, and telecommunications and power transmission lines have been reopened. Construction of production facilities and special railways for five timber yards burned by the fire has been completed ahead of time.

The above heartening news was released by Xu Youfang, vice minister of forestry who is also the deputy head of the State Council's leading group on rehabilitation of the Daxinganling disaster area, in an interview with reporters in Beijing today. [passage omitted]

Xu Youfang said: It has taken a little more than 3 months to accomplish what used to take several years. Daxinganling has risen from the ruins.

Nei Monggol People's Congress Meeting Ends
SK230234 Hohhot Nei Monggol Regional Service
in Mandarin 1100 GMT 22 Sep 87

[Text] The 24th Standing Committee meeting of the 6th regional People's Congress concluded satisfactorily this afternoon after a 7-day session. The meeting approved the Nei Monggol Autonomous Regional regulations on banning gambling, and a resolution of the Sixth Nei Monggol Autonomous Regional People's Congress Standing Committee on further implementing the grassland law and the grassland management regulations. It appointed (Pei Yingwu) as vice chairman of the autonomous region.

Batubagen, chairman of the regional People's Congress Standing Committee, presided over today's session, and gave a speech to summarize the situation of this meeting. Batubagen said: With a spirit of seeking truth from facts and being highly responsible to the people, the Standing Committee members and the comrades attending the meeting as observers have conscientiously examined and discussed the various items of the agenda that were submitted to the meeting for examination and discussion, and have offered many very good opinions. As far as the Nei Monggol Autonomous Regional draft regulations on banning gambling are concerned, the members held that the revised regulations have become more perfect. They said: At present gambling is quite common in society. This is greatly harmful to building the spiritual civilization and even to building the material civilization as a whole. The promulgation and implementation of the regulations on banning gambling will serve as an effective guarantee in the form of law for further improving social conduct and public security, and will play a very great role. People's governments at all levels and all public security, procuratorial, and judicial departments should work in coordination with the promulgation and implementation of the regulations, conduct large-scale propaganda and education on them, and

sternly handle some typical cases to ensure that laws are abided by and strictly enforced, and law-breakers are duly punished. Only in this way can the regulations be truly effective, and gambling be prohibited.

Batubagen said: At this Standing Committee meeting, the members have conscientiously heard and discussed a report given by Comrade Seyinbayaer, vice chairman of the regional People's Congress Standing Committee and leader of the regional team for inspecting the implementation of the grassland law, on regionwide inspections on the implementation of the grassland law and the grassland management regulations. They have approved this report. They said: The western part of our region has been hit by continuous droughts since the beginning of this year. Grass has grown poorly or not at all in some areas. Livestock will have great difficulties in making it through the coming winter and spring. While further implementing the grassland law and the grassland management regulations, this part of the region must carry forward the spirit of mutual assistance and friendship, help one another to tide over the difficulty, maintain the survival of livestock with all means possible, and win a success in combating the disaster and protecting the livestock.

At today's session, Chao Luomeng, vice chairman of the regional People's Congress Standing Committee, delivered a speech explaining the several opinions on revising the revised draft of the Nei Monggol Autonomous Regional draft regulations on banning gambling. Zhou Beifeng, Seyinbayaer, Butegeqi, Alatanaoqier, and Hu Zhongda, vice chairmen of the regional People's Congress Standing Committee, attended the meeting. Ma Zhenduo, vice chairman of the region; Yang Dalai, president of the regional Higher People's Court; and (Zhang Hesong), deputy chief procurator of the regional People's Procuratorate, attended as observers.

Northeast Region

People's Congress Committee Meeting Opens
SK230152 Harbin Heilongjiang Provincial Service
in Mandarin 1000 GMT 22 Sep 87

[Text] The 29th Standing Committee Meeting of the 6th Heilongjiang Provincial People's Congress opened in Harbin this morning.

Li Jianbai, chairman of the Standing Committee of the provincial People's Congress, presided over the meeting. Attending the meeting were Chen Yuanzhi, Wei Zhimin, Wang Jinling, Liu Huixian, Wang Pili, Wang Jin, Zhao Zhenhua, He Shoulun, and Zhang Ruoxian, vice chairmen of the Standing Committee of the provincial People's Congress. Jing Bowen, provincial vice governor; and Zhang Li, president of the provincial Higher People's Court, attended the meeting as observers.

Participants in the meeting heard the explanation of the draft regulations on management of collective and individual mining made by (Peng Yunbiao), director of the

provincial Geological and Mining Bureau; the report on implementing the law on regional national autonomy, delivered by (Su Jingqiang), chairman of the provincial Nationalities Affairs Commission; the report on implementing the regulations on management of the private industrial and commercial households, made by (Zhao Rui), deputy director of the provincial Industrial and Commercial Bureau; the report on preparations to implement the law on technology contracts, made by (Li Zhentao), vice chairman of the provincial Commission of Science and Technology; the report on the situation of markets since the beginning of this year and on measures for controlling price hikes, made by (Xue Changrong), director of the provincial Pricing Bureau; and the report on public order work made by Du Dianwu, director of the provincial Public Security Department.

The meeting will examine and discuss these reports and explanations. It plans to examine and discuss the provincial government's written report on radio and television work and will work out resolutions relevant to the report on implementing the PRC's law on regional national autonomy and the report on implementing Heilongjiang Province's regulations on management of private industrial and commercial households. The meeting will adopt namelists of cadres to be appointed and dismissed.

Sun Weiben Meets Heilongjiang Musicians
SK230304 Harbin Heilongjiang Provincial Service
in Mandarin 1000 GMT 22 Sep 87

[Text] Some musicians from various localities of the province gathered at the Harbin Railway Cultural Palace this morning to mark the 38th anniversary of the foundation of the PRC.

Comrade Sun Weiben, secretary of the provincial party committee, encouraged the musicians to try to cultivate more music professionals and to enrich the people's cultural life by creating more influential music. Before the gathering, Comrade Sun Weiben held a forum with these musicians.

Music composers, music teachers, and actors participating in the forum set forth their views on the issues concerning the province's pressures on music teachers and concert halls and the outflow of music professionals.

Comrade Sun Weiben conscientiously heard their opinions. He said: Along with the economic development and the improvement of the people's cultural life, music has become an increasingly more important and indispensable component of the people's life. Based on the large number of music professionals who have been cultivated by the province in the past, henceforth, we should exert great efforts to cultivate more music professionals. Simultaneously, we should vigorously popularize mass music activities in order to upgrade the entire nation's cultural quality.

Northwest Region

Ningxia Reports 1987 Economic Achievements
HK230057 Yinchuan Ningxia Regional Service
in Mandarin 2300 GMT 22 Sep 87

[Excerpts] The region's economic front has resolutely implemented the principle of reform, opening up, and invigoration this year. Industrial production has recorded sustained and steady development. Capital construction investment and structure have become more rational. A good autumn grain harvest is in prospect. The urban and rural markets are thriving.

According to the latest information provided by the regional Statistics Bureau, the region's industrial production is relatively well balanced this year, and economic returns have improved. Total output value from January to August was 1.78 billion yuan, representing 68.4 percent of the year's plan, and showing a rise of 13.1 percent over the same period last year. This exceeded the 10 percent rise called for in the plan. Development of heavy industry has exceeded that of light industry. The development momentum of industry under collective ownership has been rapid, with a rise of 19.4 percent over the same period last year. [passage omitted]

The number of capital construction projects under way in the region from January to August was 349, a decline of 195 compared with the same period last year. The proportion of nonproductive construction projects has dropped, while that of productive projects has increased. [passage omitted]

This year the region has adopted measures to make up for summer grain losses in autumn, and the sown area of autumn grain has been expanded by 1.03 million mu compared with last year. At present the autumn grain crops are growing very well, and the autumn grain harvest is expected to show an increase of about 10 percent over last year. [passage omitted]

Figures on Qinghai Economic Development
HK230655 Xining Qinghai Provincial Service
in Mandarin 0430 GMT 15 Sep 87

[Excerpts] In the 8 years since the 3d Plenary Session of the 11th CPC Central Committee, along with the gradual development of the reform, the province has made new progress in its gross grain output, its industrial and agricultural output value, its local financial revenue, and its per capita income. This means that the province has gradually increased its economic strength.

According to information provided by the province's statistical departments, since the beginning of the 1980's, the increased rates of some economic indices that indicate achievements in economic construction have reached a relatively high level. These 8 years were Qinghai's best period since its liberation, during which the economy developed steadily and in a coordinated way. During the Sixth 5-Year Plan, the province's total

social output value, its national income, and its industrial and agricultural output value increased, respectively, 8.37, 9.3, and 6.08 percent annually on average. These three indices last year increased 5.1, 7.6, and 11.1 percent, respectively, over the previous year. [passage omitted]

The province's gross grain output exceeded 1 million tons in 1984. Its industrial and agricultural output value exceeded 3 billion yuan and its local financial revenue exceeded 300 million yuan in 1985. The province's per

capita income reached 678 yuan in 1986 and is expected to exceed 700 yuan this year. In addition, the gap between the province's per capita income and the national average has narrowed to 30 yuan from 70 yuan in 1981.

The marked improvement in the province's economic strength has provided Qinghai a new road in its economic development, a road on which its economic growth is substantial, its economic results are relatively good, and its people can get more material benefits.

Visits to Mainland Topic of Discussions

HK221500 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 1405 GMT 21 Sep 87

[Report: "The Masses in Taiwan Are Enthusiastically Looking Forward to Returning to Their Native Places To Visit Relatives"]

[Text] Hong Kong, 21 Sep (ZHONGGUO XINWEN SHE)—Roundup by reporter: An irresistible upsurge of returning to one's hometown to visit relatives has been set off among the people in Taiwan. After learning that the authorities intend to relax restrictions on visiting relatives on China's mainland, this desire which has been cherished in the people's minds for nearly 40 years is like a surging wave sweeping across the entire treasure island.

During the past 2 weeks or so, the topic of returning to one's hometown to visit relatives has become the center of open discussions across all of Taiwan. Various non-governmental organizations, clansmen associations, and fellow townsmen associations held forums (or gave talks) on returning to one's hometown to visit relatives one after another. According to reports, Tze Chiang Association, a pro-KMT [Kuomintang] association, held a forum at Taipei's Central Library on 13 September on going to mainland China to visit relatives. More than 2,000 people attended. Not only the two big halls were crowded with people. The corridors, the rostrums, and even the toilets, where microphones were installed, were full. This greatly surprised the sponsors. According to reports, when a speaker said that they had to be psychologically prepared if they wanted to go to the mainland to visit their relatives so as not to be disappointed when they "woke up from their fond dreams," the audience hissed and someone shouted: "What you said happened more than a decade ago!" However, when another speaker suggested that the authorities should enthusiastically encourage visits to one's hometown, he received warm applause.

Several hundred thousand demobilized old soldiers who for many years have spared no efforts to fight for their basic right to return to their hometowns to visit their relatives organized the "Society for Promoting People From Other Provinces To Return to Their Hometowns To Visit Their Relatives" several months ago. They have also recently announced that they have organized the first group of more than 50 old soldiers who will return to their hometowns to visit their relatives once the authorities announce the policy of relaxing restrictions on visiting relatives on the mainland. Besides, clansmen associations and fellow townsmen associations in Taichung, Taoyuen, and Chiayi are also ready to organize their members to visit their relatives on the mainland. Fellow townsmen living in the same neighborhood invite one another to go to the mainland together. The Suchuan Fellow Townsmen Association in Kaohsiung County and Kaohsiung City announced several days ago that they will form groups according to people from various counties to visit their relatives and to trace their ancestors on the mainland.

According to reports of Taiwan's newspapers, because the upsurge of the desire to go sightseeing and to visit their relatives on the mainland is gaining momentum, many travel services specialized in providing services for sightseeing and visiting relatives have emerged as the times require. They are sending out leaflets to solicit customers.

Many mass media in Taiwan have also added fuel to the fire and started special columns introducing "food, accommodations, and transportation" for those who go sightseeing or visiting their relatives on the mainland. On 16 September, *Min Chung Jih Pao* used almost a page to introduce cities open to tourists in south China, central China, north China, northeast China, southwest China, and border areas. The paper also carried a photo of Bada Ling with a caption: "Don't you want to see it? It is the Great Wall that coils like a dragon in high mountains."

At present, although the Taiwan authorities have not yet announced concrete regulations or ways for people to visit their relatives on the mainland, the people are convinced that visiting their relatives in their hometown is their "natural right and freedom" that should never be restricted or deprived.

Businessmen Prepare To Enter PRC Market

OW221140 Beijing XINHUA in English 1130 GMT
22 Sep 87

[Text] Hong Kong, September 22 (XINHUA)—Many Taiwan business people are preparing to enter mainland markets as the Taiwan authorities plan to allow people to visit their relatives on the mainland, Taiwan's newspapers report.

It is impossible to turn a blind eye to the vast mainland markets, observed business people in Taiwan.

Although the director of the Taiwan "State Trade Bureau" and "minister of economy" have both repeatedly asserted no change in the policy prohibiting such trade, many Taiwan business people have already worked out plans to purchase goods from the mainland and search for partners in joint enterprises, newspapers in Taiwan disclosed.

The newspapers agreed that such plans should not give rise to criticism since, "with the direct non-governmental contacts among people on both sides of the Taiwan Straits, the essential economic trade exchange between the two sides might be closer."

A number of Taiwan economists and experts have suggested that the Taiwan authorities should make progress, step by step, to open trade to the mainland.

A dean of the State Trade Department of the Taiwan University regarded the trend of economic exchange between the two sides as irresistible and said there will be increasingly frequent cargo intercourse and investment.

Trade exchanges would be difficult to ban totally, he said. It would be better for the Taiwan authorities to adopt policies to gradually open them up.

One professor at the university urged a "mainland industrial and commercial economic survey team" to make a survey on the mainland to promote direct or indirect trade between Taiwan and the mainland.

Taiwan Authors' Works Welcomed in PRC
OW171011 Beijing XINHUA in English 0900 GMT
17 Sep 87

[Text] Beijing, September 17 (XINHUA)—Mainland publishing houses welcome Taiwan authors to contact them, of their own accord or through agents, to have their works published, a State Copyright Bureau official has announced.

The publishers will make no revision to the works they have accepted, said Li Qijie, commissioner of the bureau, adding that Taiwan authors will enjoy the same rights and interests as their mainland counterparts.

"When a publisher deems revisions necessary after accepting a book, it will contact the author for his or her opinion or have this done by the author," he said.

Over the past two years, he added, Taiwan authors have had their works under 130 titles published by mainland publishers, and these range from economics, culture, education, literature, history to music.

The rules governing the publication of Taiwan authors' works by mainland publishers also apply to Hong Kong and Macao authors.

Lifting of Travel Ban Reported Postponed
*HK230820 Hong Kong AFP in English 0721 GMT
23 Sep 87*

[Text] Taipei, Sept 23 (AFP)—Taiwan has postponed lifting a ban on travel to the mainland because of conflicting views on the conditions which should govern such visits, informed sources said Wednesday.

The sources said a group set up to work out a plan which would allow lifting the 38-year ban on travel to the mainland had overruled an Interior Ministry proposal which would have permitted Taiwan residents at least 55 years old to visit relatives on the mainland after passing through third countries.

Under the ministry proposal, visitors to the mainland would be required to state the nature of their trips when applying for exit permits and could stay on the mainland for no more than two months at a time, the sources said.

Most of the five members of the ruling Kuomintang (KMT) group formed by President Chiang Ching-kuo a week ago have asked the ministry to revise the proposal, imposing as few restrictions as possible, the sources said.

The ad hoc group comprises Premier Yu Kuo-hua, Vice President Lee Teng-hui, Interior Minister Wu Poh-hsiung, President of the Legislative Yuan (parliament) Ni Wen-ya, and Secretary-General of the National Assembly Ho Yi-wu. The group did not submit a plan as expected to the KMT policy-making Central Standing Committee for endorsement at its regular weekly meeting Wednesday.

The Taipei government has agreed in principle to allow Taiwan citizens, except servicemen and public servants, to visit China via third countries for family reunions. But it has stressed that such a move is purely humanitarian and does not mean Taiwan has changed its hard-line policy towards its rival government in Beijing of "no contact, no talks, no compromise."

The mass-circulation *China Times* urged the Taipei authorities in an editorial Wednesday to impose no restrictions on people wanting to travel to China "so as not to trigger complaints about the well-intentioned new policy." It also asked the government "to consider giving a chance to soldiers and public servants who pose no threat to the country's safety."

Some Interior Ministry officials have argued that all local residents, regardless of their age, place of birth and political affiliation, should be permitted to travel to the mainland.

The *China Times* said sightseeing trips to China would not have an adverse impact on Taiwan's stability, adding that many people had already found their way to the mainland in the past without jeopardizing national security. "Given the obvious gap in political and economic conditions between Taiwan and China, our people could not possibly have any illusions about the Communists," it said.

The KMT government has outlawed trips to China since 1949 when it fled to the island after being defeated by Communist forces. Several thousand Taiwan residents, many of the elderly persons who came to Taiwan with Nationalist troops in 1949, have nonetheless visited their relatives on the mainland by way of Hong Kong, Japan and the United States.

Two journalists from the *Independent Evening Post* newspaper are currently in China after openly defying the ban on travel to the mainland. Lee Yung-teh, 33, and Hsu Lu, 30, are currently touring Guangdong province. They are scheduled to arrive in Hong Kong Sunday before returning home. They could be barred from leaving Taiwan for two years for violating the ban on travel to the mainland.

Travel agents here have begun to offer tours to the mainland through business partners in Hong Kong. A group organized by the "Retired Soldiers Homecoming Association" is ready to leave once the travel ban is officially lifted, an association spokesman said.

The Taipei government has made it clear that even if the ban on travel to China is lifted, mainland Chinese would still be barred from entering Taiwan unless they have lived in another place for at least five years.

But sources said the authorities may consider allowing an estimated 25,000 Taiwanese living on the mainland to visit their hometowns.

Lee Teng-hui Urges Confidence in Government
*OW230336 Taipei CNA in English 0240 GMT
23 Sep 87*

[Text] Taipei, Sept. 23 (CNA)—Vice President Lee Teng-hui said Tuesday that people here should have full confidence in the government as it has always kept definite goals in mind and placed its priority on the people's well-being whenever it has made decisions.

The vice president said that both the government and the ruling Kuomintang have shown their determination to implement democratization by initiating such reform measures as the lifting of the emergency decree and the drafting of both the Assembly and Street March Law and the Revised Civic Body Organization Law.

Lee cited a statement made by President Chiang Ching-kuo at a regular meeting of the Kuomintang Central Standing Committee last week to support his assertion.

"The government and the ruling party always steered in a correct direction. With clear goals in mind, they strode steadily forward and [have] never gotten lost," President Chiang said.

Lee said that "we should bear in mind President Chiang's remark that whatever the circumstances are, the government will uphold the goals of constitutional democracy and securing national security."

As society is becoming richer and freer, the people are more easily lost. They should not grab at every idea they hear and follow it without thinking, Lee said. Lamenting many things he has observed in the ROC's [Republic of China] ever-changing society, he echoed an editorial "Such a Restless and Naive Society" carried by the local *Commercial Times* Monday.

The editorial said that since the government announced several weeks ago that the ban on visits to the mainland relatives would be relaxed, hundreds of immature ideas have erupted, some urging direct trade with the Chinese mainland, and some calling for direct investments there. These ideas are so naive that the paper called them a real tragedy, Lee said.

The vice president made his remarks when receiving the 10 most outstanding youths, elected by a special committee sponsored by the Republic of China Jaycees.

Polish Scholars To Attend Seminar in 1988

HK230422 Hong Kong AFP in English 0328 GMT
23 Sep 87

[Text] Taipei, Sept 22 (AFP)—Taiwan has given two Polish scholars permission to attend an international medical conference here in April, the first authorization to visit by East European nationals since rules were relaxed, officials said here. Taiwan had previously allowed only people from non-communist countries to visit here, but in September the Foreign Ministry ruled that people from "non-hostile" countries would be allowed to attend international events here.

A Foreign Ministry official said Tuesday that two Polish scholars would be allowed to attend the medical research conference here in April. They are the first two East

European nationals to receive such permission since the relaxation of regulations in September.

Observers believe that Taipei considers as "hostile" the Soviet Union and Albania.

China is not regarded as a country by Taiwan, which claims sovereignty over all of China including Taiwan and the Chinese mainland.

Earlier Tuesday, Foreign Minister Ding Mao-shih told a ruling Kuomintang (KMT) party meeting that delegations from "non-hostile countries" may apply for entry visas to attend international meetings here on a case by case basis. Mr. Ding, outlining Taiwan's policy for participating in privately-sponsored international conferences or athletic events, said that the people of Taiwan could go anywhere for such events except to mainland China.

Since the Taipei government lifted a ban on trading with the eastern bloc in 1980, Taiwan's economic relations with East European countries have steadily improved. In 1986, trade totalled 121 million U.S. dollars, up from 37 million U.S. dollars in 1985.

In the first seven months of 1987, imports from the communist bloc amounted to 66.4 million U.S. dollars, a 44.4 per cent increase over the same period last year. Taiwan exported 30.3 million U.S. dollars worth of goods to Eastern Europe between January and July 1987, an increase of 118.2 per cent over the same period in 1986.

Hong Kong

Governor Departs for Official Beijing Visit

HK230808 Hong Kong AFP in English 0646 GMT
23 Sep 87

[Text] Hong Kong, Sept 23 (AFP) - Hong Kong Governor Sir David Wilson left here Wednesday for a three-day visit to Beijing expected to focus on political reforms in this British colony before China resumes sovereignty in 1997.

Sir David is visiting China at the invitation of Chinese Vice Foreign Minister Zhou Nan. His trip coincides with a planned meeting in New York Wednesday between British Foreign Secretary Sir Geoffrey Howe and his Chinese counterpart Wu Xueqian, both of whom are attending the UN General Assembly.

While in Beijing, Sir David was expected to try to iron out differences between the Chinese and Hong Kong authorities over political reforms here before 1997, analysts said.

Under a 1984 Sino-British agreement, Hong Kong is to become a special administrative region enjoying "a high degree of autonomy" with an elected legislature for 50 years after 1997. To help prepare Hong Kong for self-rule, the Hong Kong government published a consultative document in May, in the form of a green paper, on possible political reforms the territory could adopt.

"I'm sure we'll be talking about the green paper exercise," Sir David told reporters before his departure. "I'll explain we have been carrying out very carefully the exercise in which the Hong Kong government is not pushing any particular point of view, that we have been genuinely trying to find out what the views of the people of Hong Kong are."

At issue is whether direct elections should be introduced into Hong Kong's legislative council by 1988, an option which has openly and repeatedly been disapproved of by top Beijing officials, including Deng Xiaoping. China's opposition to direct elections has been seen by analysts here as a fear on the part of Beijing that the London-appointed Hong Kong administration may be trying to introduce too much democracy into pre-1997 Hong Kong.

The four-month public consultation on the green paper is to finish by the end of this month.

Sir David is scheduled to hold talks in Beijing with Mr. Zhou and officials at Beijing's Hong Kong and Macao Affairs Office, including Ji Pengfei. This is his first official visit to China since he became governor in April following the death of his predecessor, Sir Edward Youde, in December 1986.

Hong Kong-Owned Tanker Attacked in Gulf

HK231003 Hong Kong SOUTH CHINA MORNING
POST in English 23 Sep 87 p 1

[Text] The Hong Kong Shipowners' Association will ask the British government to press the United Nations to

send a peace-keeping force to the Gulf following the attack yesterday on a Hong Kong-owned tanker by an Iranian patrol boat manned by fanatical Revolutionary Guards.

A tug was last night towing the British-flagged *Gentle Breeze*, formerly known as *Tradewind*, to Bahrain.

Revolutionary guards had attacked the ship with machinegun fire and rocket-propelled grenades off Farsi Island, about 160 km northwest of Bahrain.

The managing director of Wallem Shipping Company, Mr Alfred Atre, said the tanker's Indian captain V.M. Soman radioed him yesterday afternoon about the attack.

The 102,799-tonne tanker was shelled 14 times, a Filipino boatswain, Mr Camilo Rodriguez, 38, was killed and the vessel suffered severe damages to the aft accommodation.

Mr Atre said despite the damage the vessel was not in any danger of exploding as it had no cargo on board.

"Before the vessel was shelled, it was waiting to load oil from the port of Menasad," he said.

It was likely the crew of 33, mainly Filipinos, would be taken off the vessel there and be flown home.

The *Gentle Breeze* was last in Hong Kong in April last year and sailed for the Gulf on April 24.

Although no Hong Kong seamen were injured in the attack, the Hong Kong Shipowners' Association is concerned about the safety of some 40 other Hong Kong ships plying the region.

Association director Mr Michael Farlie said a letter concerning the Royal Navy's role in protecting British shipping in the Gulf would be sent to the Hong Kong government to be relayed to the British government.

Another Hong Kong company, the Wah Kwong Shipping Group, which used to operate up to three ships in the Gulf at any one time, has banned its Hong Kong-crewed ships from entering the Gulf.

A director, Mr Frank Chao, said one of Wah Kwong's vessels, the *Chemical Venture*, was one of the first ships to be hit and its master had about 110 stitches in his face.

"So, of course, we felt very badly about this attack and regret the death of a Filipino crewman."

Mr Chao said those Wah Kwong vessels that had to go to the Gulf would be manned by Korean crews employed especially for Gulf service. Hong Kong crews aboard Gulf-bound ships would sail towards the Gulf and then be replaced before entering the contested waters.

U.S. Trade Protectionism Exerts 'Pressure'

OW201258 Beijing XINHUA in English 1206 GMT
20 Sep 87

[Text] Hong Kong, September 20 (XINHUA)—Hong Kong's biggest foreign exchange earner, the textile and

clothing industry, is challenged by both external and internal factors despite the good performance of local industries and exports this year.

According to the *Economic Reporter* weekly to come off press here tomorrow, the pressure from the U.S. protectionism is looming large. On September 16, the Textiles and Apparel Trade Act 1987 was approved by the House of Representatives by 263 votes to 156 and will go to the Senate for approval.

As the United States is the most important market, absorbing about 45 percent of Hong Kong's textile and apparel exports, the bill imposes a threat on the growth of Hong Kong's textile and clothing industry.

On the other hand, labor shortage in this industry is aggravated by the strict rules of product origin, which restrict the industry of transferring its labor-intensive procedures across border.

Official statistics show that there are 15,516 vacancies in the clothing industry, accounting for 5.6 percent of the existing employment.

Because of labor shortage, some manufacturers hesitate to accept orders for short-term delivery.

The weekly warned that shrinkage of the textile and clothing industry will surely affect Hong Kong's exports and economy as a whole.

As a countermeasure against protectionism, it suggested that Hong Kong develop new markets without quota limitation and enhance quality to make good use of existing quotas.

It also urged the local government to lobby against the textile bill in the U.S. and adopt other measures to support the industry.

Travel Service Offers Help to Taiwanese
OW221116 Beijing XINHUA in English 1049 GMT
22 Sep 87

[Text] Hong Kong, September 22 (XINHUA)—The China Travel Service (Hong Kong) Ltd. promises to make it easier for Taiwan compatriots to visit their mainland relatives.

And so the Hong Kong office is offering more convenient service, an official of the company said in a recent interview with XINHUA.

The service includes a package deal to the mainland. The office will also make arrangements for Taiwan compatriots and their relatives on the mainland to meet in Hong Kong.

The official expected the number of Taiwan compatriots travelling to the mainland will increase if the Taiwan authorities allow more people to visit their relatives on the mainland.

The service's Wan Chai branch first set up a reception group for Taiwan compatriots in 1979. The clientele has steadily increased year by year.

The number of clients in the first nine months of this year has exceeded last year's total.

Editorial on Taiwan Journalists' PRC Visit
HK210121 Hong Kong SUNDAY STANDARD
in English 20 Sep 87 p 8

[Editorial: "Taiwan Loser in Cutting Short Journalists' Visit to China"]

[Text] The breakthrough visit to China by two Taiwan journalists has suddenly come to an end. Political pressure back home has seen to that. Whether this pressure stemmed from hardline Kuomintang [KMT] beliefs or business rivalry is uncertain; the top KMT officials responsible are also in command of news organisations.

What is certain is that Taiwan has lost out when it could have gained so much out of it. Far from handing China a propaganda victory simply by their presence on the mainland and their "freedom" to interview anybody, including the noted dissident, Professor Fang Lizhi, the two journalists have, in fact, been turned off by what they have seen.

Mr Lee Yung-teh, one of the two, did not mince words when he met the international press late on Friday night. "Almost everyone I have met in China has given the same opinion on any topic. That's why I don't like Socialism."

And he added: "During the past 30 years the Communists have made enormous mistakes but almost all the people we spoke to seemed willing to forgive them. A government operating under such conditions can easily make mistakes again."

These are not words calculated to warm the heart of any Communist, reformer or conservative alike. They are a telling indictment of a system that continues, and looks like going on for some time to come.

But political pressure has ensured that Taiwan people and the world at large will take these words with a pinch of salt. Were they thrown out to placate those KMT diehards back home? Are they intended to offset any gains China may have got out of their unprecedented visit?

These are questions people will be asking. The political climate in Taiwan, in reality not much different from that on the mainland, engenders such suspicions. Especially when political pressure has been brought to bear on the two journalists.

How much better it would have been to have allowed the pair—Mr Lee Yung-teh and Miss Hsu Lu of the *Independent Evening Post*—to complete their itinerary and return home without any fanfare.

The opportunity has been missed. Soon the trip will be history. But the lost ground can be recovered if the Taiwan government now seizes the initiative and invites newsmen from the mainland over to the island.

It is not an original idea. Some mainlanders have already suggested reciprocity. Taiwan has little to lose from accepting this challenge.

What is it that Taiwan has got that is not available on the mainland? A strong, buoyant economy; a good life for the people, an abundance of consumer goods which go to make life more comfortable, more satisfying. All the things that people on the mainland are yearning for. Taiwan has all these and more in spite of a political system that is as repressive, as dictatorial as the one found on the mainland.

What it needs is a greater confidence in itself and in its ability to negate the appeals of Communism. And what it needs less of is the influence of that waning generation which fled the mainland with Chiang Kai-shek. The first is a matter of faith, the second requires the speeding up of rejuvenation within the higher echelons of the KMT.

With these under his belt, President Chiang Ching-kuo can afford to open wide the Taiwan doors to mainlanders. All the better if this is done without any let-up to the process of democratisation now going on.

Taiwan should never have feared any gains Beijing may have got out of this visit by the two journalists. Not even if this whole trip had been engineered by Beijing.

In the end it is the Taiwan people who have emigrated to the mainland who can put across the most convincing case for reunification on Taiwan's terms.

And they have spoken—by not speaking. In their interviews with former Taiwanese at various levels, the two journalists found them most reticent. That is not how normal people behave. That is a big plus for Taiwan.

Legco Member Says PRC Drains Confidence
HK200845 Hong Kong SUNDAY STANDARD
in English 20 Sep 87 p 3

[Text] Beijing leaders should shoulder the blame for draining local confidence in the future of Hong Kong in the lead up to China taking over the Territory in 1997, a Legislative Councillor claimed yesterday.

Mrs Selina Chow, a member of the Legco [Legislative Council] Panel on Constitutional Affairs, said recent statements by Beijing leaders had damaged confidence.

Mrs Chow was speaking at a panel meeting, where she and seven colleagues had talks with members of four civic organisations.

Representatives of the organisations—Education Action Group, Hong Kong Social Workers General Unions, Meeting Point and the Hong Kong Professional Teachers' Union—said they were concerned that the community believed Hong Kong Government lacked credibility.

Mr Yip Chi-kin of Meeting Point, when commenting on a survey which found Hong Kong people were sceptical about the administration, said it was because the Government did not keep its promises.

Incidents in the past had shown the Government was hesitant in trying to fulfil its promises, which explained why there was low participation in civic affairs.

According to a poll by Survey Research Hong Kong, only one in three people believed the the Government would take public opinion seriously when deciding on political reforms.

PRC Investment in Hong Kong 'Positive'
HK181428 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 1233 GMT 17 Sep 87

[Report: "Expert on Advantages, Disadvantages of Increased Chinese Investment in Hong Kong"]

[Text] Hong Kong, 17 Sep (ZHONGGUO XINWEN SHE)—Chen Wen-hung, researcher of the Asian Research Center of Hong Kong University, told *Zhongguo Xinwen She* that in recent years, China-owned companies have become very active in all fields of Hong Kong's economy, and this tendency will continue. In general, China's investment activities in Hong Kong will play a positive role in maintaining Hong Kong's prosperity and stability, but they also bring about some disadvantages, which should not be neglected.

An expert in the study of China's modern economy, Chen Wen-hung began to study the China-owned enterprises in Hong Kong last year. He said that according to the results of investigations over the past 2 years, China has set up about 400 to 500 companies in Hong Kong. According to conservative estimates, China's investment in Hong Kong ranks second only to the United States' investment in Hong Kong. In the next 10 years, it is very likely that China's investment will exceed the American investment and that China will become the largest investor in the territory.

He said that the greater China's investment in Hong Kong becomes, the more advantages it will bring about. First, the Chinese companies are all backed by the Chinese Government; if any problems arise in Hong Kong's economy, the Chinese companies will offer economic assistance and will play a positive role in promoting Hong Kong's economic stability and financial development. Second, with China increasing investment in Hong Kong, relations between Hong Kong and China will become closer, and there will be more opportunities for cooperation, thus both sides will be able to offset their respective shortcomings by taking advantage of the other side's strong points and increase their competitiveness. In the past 2 years, Chinese companies have increased their investment in manufacturing, and this has benefited Hong Kong very much. In particular, China has invested in some projects in which Hong Kong manufacturers had hesitated to invest, and this has filled

the gaps in Hong Kong's manufacturing industry. Moreover, the investments have also promoted the mainland's foreign trade.

Chen Wen-hung said: Previously, Chinese companies invested mainly in industries and projects that had relations with China, but in recent years, they have acquired a foothold in Hong Kong. Apart from the manufacturing industry and projects related to trade between Hong Kong and China, they have also invested in real estate in Hong Kong, and this has become rather noticeable.

He pointed out: Chinese companies should play the role of middlemen in promoting economic exchanges between the mainland and Hong Kong. At present, Hong Kong merely makes use of the low-cost labor on the mainland, while neglecting China's high technology. If Hong Kong and China strengthen their cooperation in the transfer of technology, Hong Kong will not only be able to develop more new products, but will also save a great deal of money for the technology transfers.

He also said that the Chinese companies should not look only at the short-term benefits when making investments in Hong Kong, nor should they create a monopoly situation in some industries, which may affect Hong Kong's free economy; instead, they should pay more attention to the maintenance of Hong Kong's long-term prosperity and stability. He also proposed that the Chinese authorities concerned set up an institution to coordinate and supervise the activities of the Chinese companies in Hong Kong so as to ensure their healthy development.

Polls Differ on Direct Election Support

Support Declines

HK190312 Hong Kong SOUTH CHINA MORNING POST in English 19 Sep 87 pp 1, 2

[By Bernard Fong]

[Text] Support for direct elections has dropped to its lowest level since July, reflecting a continuing decline in interest in the Government's Green Paper on political reform, according to the latest public opinion poll.

The survey found that support for direct elections to the Legislative Council next year dropped to 46 percent from 49 percent in mid-August and a 54 percent high in July. But those in this group believed direct polls were more democratic, allowed the public a chance to select councillors more directly, and were a further improvement to the present system of government. However, the poll also found that only one out of every three people felt the authorities would take public opinion seriously into account when deciding the next stage of political reform.

The Survey Research Hong Kong (SRH) poll found that only 37 percent of the 1,009 respondents interviewed believed their views would affect the proposed White

Paper on political reforms. Twenty-five per cent believed the authorities would only "pay lip service" to public views. Another 32 percent were not sure.

The SRH poll is the last in a series of four sponsored by the *South China Morning Post* and three leading Chinese-language newspapers, and was conducted between August 27 and September 3. All four polls were carried out to gauge public attitudes towards the Green Paper and how these may have changed in the four months allotted for public discussion.

The latest survey found more respondents (42 percent) were either not sure or undecided on the question of direct elections, compared with the first poll in early July (39 percent). The survey questions related only to the introduction of direct elections next year and no attempt was made to seek views on the introduction of direct polls at a later date. The survey revealed an increasing number of respondents were opposed to direct elections, with 21 percent against compared with only 16 percent in the first poll in July.

This group felt the timing for their introduction was not right, that the public was not knowledgeable about government and were happy with the present system. Included in this group were respondents earning less than \$4,000 a month, who had only received primary-level or less education and those who were older.

The number of respondents who were either not sure or had no opinion on direct elections increased slightly to 32 percent compared with 28 percent in the previous poll. Of the 46 percent who support direct elections, eight percent believed that up to 20 percent of the legislators should be directly elected while 12 percent believed up to half of the Legislative Councillors could be returned through universal franchise. Those who backed direct elections tended to be younger, better educated, and professional males. The latest poll also indicated that although most people were aware of the Green Paper, interest in it remained low and had declined from 36 percent in the first poll to only 28 percent, despite Government efforts to drum up publicity on it. Although the majority (70 percent) welcomed the review, the overall impression was that little impact had been made and that the public remained largely indifferent to the political review process.

Despite scepticism over the ultimate outcome of the Green Paper consultation process, 61 percent were satisfied with Government efforts to encourage public response to the document, which was released on May 27. The survey conductors said that in their discussions with respondents on the finer points of political reform, public understanding of how the present system worked remained low.

Asked whether further developments in representative government in 1988 would have "a positive or negative effect on the stability and prosperity of Hong Kong", 36 percent said they were not sure, six percent said they had

no views, and 13 percent believed there would be no impact. This contrasted with the first survey conducted in early July, which showed 39 percent of the respondents were either not sure or had no opinion and 14 percent felt change would not have any effect.

On whether political reforms next year would smooth or complicate the transfer of sovereignty in 1997, 40 percent were not sure what effect they might have while seven percent had no opinion and nine percent believed they would make no difference. Twenty-five percent said reforms would enhance the territory's transition while 19 percent thought otherwise.

But the largest number of "no opinions" and "not sures" came in replies to questions concerning the importance of local political reforms "converging" with the Basic Law. Sixty-one percent said they were not sure or had no opinion on moves towards a representative government which would diverge from the Basic Law, Hong Kong's future mini-constitution. About 18 percent thought that developments in representative government should not clash with the Basic Law while 19 percent believed Hong Kong could reform its Government without any regard to the future constitution.

Confusion was rife over the question of whether the Green Paper breached the spirit of the Joint Declaration. Fifty-six percent were not sure while seven percent had no view. However, 22 percent believed the Green Paper took into account the Sino-British Joint Declaration, while seven percent believed it was a clear violation of the agreement on 1997.

The question of convergence with the Basic Law has been an area of key dispute in the argument whether direct elections to the Legislative Council should be introduced next year. Despite the launch of a Government civic education publicity blitz in July, public understanding of representative government remained low. Three out of four adults polled had no understanding of representative government. Although awareness of the three tiers of Government is high, knowledge of their membership and composition remained limited and confused. About three in 10 respondents (31 percent) mistakenly believed the Legislative Council already has directly elected members, a finding that is consistent with the July poll.

Knowledge of officially appointed, and indirectly elected members remained virtually unchanged. Most notably, 39 percent said they were not even sure whether or not there were direct elections.

About half or 51 percent of respondents were not sure or did not know enough to judge whether the Green Paper was too radical or too conservative. This is slightly less than the 59 percent who did not know in July.

Support Grows

HK210509 Hong Kong *SOUTH CHINA MORNING POST* in English 21 Sep 87 p 2

[By Bernard Fong and Stanley Leung]

[Text] Surveys conducted by the Hong Kong General Chamber of Commerce, the Hong Kong Law Society and the pressure group Meeting Point, show that up to 60 percent of members polled support the introduction of direct elections next year.

In the Chamber of Commerce poll, an overwhelming 80 percent supported direct elections to the Legislative Council. However, members were divided about when they should be introduced. About 40 percent of those in support of direct elections, (32 percent of all respondents) thought such reforms should be introduced next year while the other 60 percent opted for 1991 or later.

Meanwhile, another poll conducted by Market Decision Research (MDR) and published exclusively by the *South China Morning Post* shows that the number who had read the Green paper was still very small. This finding was compatible with the last of a series of four polls conducted by Survey Research Hong Kong (SRH) which discovered that about a quarter of the respondents were interested in the Green Paper.

The majority of respondents to the Chamber of Commerce's poll thought the Legislative Council seats occupied by appointed members should eventually be filled by directly elected members. They also believed that the total number of council seats should be increased and that more seats should go to the functional constituencies.

Detailed findings of the survey will be submitted to the Survey Office.

Meanwhile, the Hong Kong Law Society found that about 60 percent of the 340 members who responded to a poll believed direct elections should be introduced next year. The Society has 3,500 members. The vast majority, 93 percent, of respondents supported direct elections in general. About 63 percent thought that the introduction of direct elections did not have to wait until the promulgation of the Basic Law in 1990.

In another poll, Meeting Point found that half its respondents supported the introduction of direct elections next year. The poll, organised by the pressure group's West New Territories office, found that only eight percent of respondents were opposed to reforms next year while 42 percent had no views. A spokesman for Meeting Point, Mr Ma Yun-kwong, said his group interviewed about 320 people, aged 14 or above, randomly selected from a district population of over 180,000.

The survey also found that only 20 percent of the respondents had read the Green Paper on political reforms, a finding that may suggest apathy. By contrast,

80 percent were aware that direct elections were an option being keenly debated in Hong Kong. It also found that 53 percent thought direct elections next year would not harm Hong Kong's prosperity and stability.

However, residents' views on whether direct elections would result in confrontational politics were mixed. Just over one third, 35 percent, feared that direct elections would lead to confrontation while 27 percent had no such worries. Although half of the respondents supported direct elections next year, only 30 percent were confident that the government would eventually introduce them.

Mr Ma said the findings reflected the belief that the public were not convinced that the government would introduce reforms in accordance with their wishes. About 53 percent felt the need to introduce direct elections before 1997 while 20 percent were opposed to this. If Hong Kong was to remain highly autonomous and implement the concept of "Hong Kong people ruling Hong Kong" after 1997, about 70 percent thought direct elections were an essential means to achieve these goals.

MDR found that community awareness of the Green Paper had increased considerably over the July/August period; from 47 percent at the beginning of July to 72 percent at the beginning of September. Forty percent of those still not aware of the Green Paper despite the strong government campaign and the intense public discussion are people aged over 54. The results of three polls conducted by MDR show the large rise in public awareness since the Green Paper was published at the end of May.

Macao

PRC, Portugal Monitoring Political Issues
HK231007 Hong Kong HONGKONG STANDARD
in English 23 Sep 87 p 2

[By Kathy Chan]

[Text] The Chinese and Portuguese governments are gearing up to steer Macao into a calm and peaceful transition before the flag change in 1999. Both governments are closely monitoring possible adverse political issues that may crop up in the next few months.

A Macao official, who declined to be named, warned that a political dilemma similar to that of Hong Kong would occur in the Portuguese enclave if local residents pressed

for radical changes. Many Macao people, including some legislators, are pushing hard for drastic reforms, especially on increasing the number of elected seats to the legislature—which China does not want.

The *Standard* has learnt that the Macao government yesterday began a four-day law conference for government and local lawyers with a view to reviewing Macao's constitution.

China, after six months of preparation, opened its first *Xinhua News Agency* branch in the enclave two days ago. The XINHUA Macao office is directly responsible to China's State council, replacing Nam Kwong Company, a 40-year establishment, as China's chief agent in Macao. It is believed the office is actively involved in forming the Sino-Portuguese Joint Liaison Group and the Basic Law Drafting Committee. These two groups are likely to be established on the Hong Kong models which would involve having XINHUA officials on them. They will probably be set up in a month's time.

"Now is a good time for the Government to invite constitutional experts from Portugal to discuss with local lawyers the thorny issue of reviewing Macao's constitution," said the official. "The Macao situation so far has been following the Hong Kong model. Therefore, it will not be surprising if we are caught in a similar dilemma concerning political reforms," said the official.

It was understood that liberals wanted a quick review of the out-dated constitution of Macao, especially on the sensitive issue of increasing directly and indirectly elected seats to the legislature. One Legislator, Mr Alexander Ho, had earlier said: "We hope to review the issue of directly and indirectly elected seats to the Legislative Assembly this year and table the proposal before the Portuguese parliament for approval early next year. "Then we can increase the number of elected seats to the legislature in next summer's election," he said.

Sources in China had earlier revealed to the *Standard* that it opposed any changes to Macao's legislature before the promulgation of the Basic Law. Chinese officials also feared any move towards a more representative government in Macao would foil its current campaign against early direct elections in Hong Kong.

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